



Daily Report

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Daily Carries Jiang Zemin's New Year's Speech CM0301163893 Beijing RENMIN RIBAO in Chinese 1 Jan 93 p 1

["Text" of New Year's speech by Jiang Zemin, CPC general secretary and president of state, dated 28 December 1993: "March Toward the Future With Full Confidence—A New Year's Speech by Jiang Zemin To Be Broadcast Over China Radio International to Listeners Abroad and to Hong Kong, Macao, and Taiwan Compatriots"]

[Text] Beijing, 31 Dec (XINHUA)—Ladies, gentlemen, and friends:

On the occasion of the beginning of 1994, I am very glad to extend, through China Radio International, my sincere New Year's greetings to people and friends in every other country, to Taiwan compatriots, to Hong Kong and Macao compatriots, and to overseas Chinese friends and foreign friends of Chinese descent. I wish you success in everything and family happiness in the year ahead.

Friends, the past year has been a year in which the Chinese people, working under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, continued their triumphant advance in accordance with the strategic policy decision to seize the opportunity to deepen reform and bring about rapid and healthy development. It has also been a year in which major progress was made in implementing the decision of our party's 14th National Congress on establishing a socialist market economy. China is now enjoying economic growth, political stability, national unity, and social progress. Facts show that the line, principles, and policies formulated by our party and government for economic and social development are correct. Facts also show that the experience of our party and government in keeping the overall development situation under control and in improving their macro guidance is becoming richer and more mature. The tasks we shoulder are very arduous and we still face difficulties and problems in our advance, but we have the means and abilities to overcome them. We will begin the new year and march toward a bright future with even fuller confidence and greater strides.

Building socialism with Chinese characteristics means adherence to the policy of reform and opening up to the outside world—the only way to develop contemporary China—to build our country into a prosperous, democratic, civilized, and modern socialist country with the persistent hard work of several generations. To shake off poverty and backwardness and achieve a prosperity in our motherland is a common aspiration which all the Chinese people and the entire Chinese nation long for day and night to realize. China is a large, oriental country with a history of 5,000 years of civilization and

a population of some 1.1 billion. A prosperous and strong China will not only contribute to the happiness of the Chinese people and Chinese nation. It will contribute even more to the civilization of all mankind. China's stability and development cannot be separated from the peace and development of the world as a whole, and vice versa; this has become the common understanding of more and more people.

Friends, the present world is in a period of transition from an old to a new structure. On the one hand, some positive tendencies have appeared in international relations, the process of multi-polarization of the world is being accelerated, and the people of all countries in general are demanding detente and cooperation. On the other hand, the world is still far from peaceful. The contradictions in some regions have intensified, resulting in turmoil and endless armed conflicts. Hegemonism and power politics are still very conspicuous, seriously challenging world peace and development. The Chinese Government and people, firmly adhering to an independent and peaceful foreign policy, have played an important role in the complex, changing international situation and made positive contributions to promoting peace and development in the world. China's international prestige has risen remarkably, its international environment has been further improved, and we have friends all over the world. The world is varied and colorful. Any country should respect the right of people in other countries to maintain independence and keep the initiative in their own hands. A strong, big, and rich country can never achieve its goal by bullying a weak, smaller, and poor country, and will only end up hurting itself. China will never seek hegemony, and its development will not constitute a threat to any country. We will, as always, persistently develop friendly and cooperative relations with other countries on the basis of the five principles of peaceful coexistence, and make unremitting efforts to build a peaceful, stable, fair, and rational new international order.

It is the sacred mission of the whole Chinese people, including our Taiwan compatriots, to complete the peaceful reunification of the motherland. Peaceful reunification is also the general trend in the development of China's history. People on both sides of the Taiwan Strait are longing for reunification. Any attempt to create "two Chinas," "one China, one Taiwan," and "one China, two governments" goes against the aspirations and fundamental interests of people on both sides of the Taiwan Strait. It is our hope that the Taiwan authorities will follow the general trend and the people's aspirations, put national interests above all, do more solid work for the reunification of the motherland, and together with the mainland create a more prosperous China. The dates when Hong Kong and Macao will return to the motherland are approaching. Due to the fact that the British side persists in its wrong stand on the Hong Kong issue, the Sino-British talks on Hong Kong have broken down. This is something that we did not want to see. No matter what happens, we share the

feelings and aspirations of the patriotic compatriots of Hong Kong. Our policy of "one country, two systems" will not change, our principal stand of adhering to the Basic Law on Hong Kong will not change, and our resolve to restore China's sovereignty over Hong Kong will not change. We are fully confident that we have the ability to keep Hong Kong prosperous and stable for a long time to come.

Friends, a solid foundation for the people of all countries to strengthen unity and cooperation is working together for peace and development. Unity and cooperation need mutual understanding. In the past year, tens of thousands of guests from abroad have visited China. Many foreign guests I have met have told me that the China they had personally witnessed is entirely different from what they thought and originally understood it to be. An old Chinese proverb says, "It is better to see once than hear a hundred times." The year 1994 is the 45th anniversary of the founding of the People's Republic of China. In the coming year, we earnestly welcome more foreign friends to come to China and see for themselves. Such contacts will promote mutual understanding, trust, and friendship. For decades the China International Broadcasting Station has been introducing China's developments to overseas audience, and it has been a bridge linking China with the outside world. I hope it will play a still greater role in enhancing friendship and cooperation between the Chinese people and the people of various countries of the world.

Finally, I once again wish you Happy New Year! Thank you.

CHINA DAILY on Speech

HK3112021593 Beijing CHINA DAILY in English 31
Dec 93 p 1

[Unattributed report: "Achievements in China, Happiness in the World"]

[Text] Chinese President Jiang Zemin, in a New Year's speech to be broadcast worldwide over the China Radio International tonight, extends his warm greetings to all friends of China and especially to compatriots in Hong Kong, Macao and Taiwan.

Expressing his sincere wishes for achievements and happiness in the coming year, the Chinese leader points out that 1993 has been a year of success for the Chinese people.

"We have seized opportunity, deepened our reforms under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the Party's basic line," Jiang says, adding that great progress has also been made in establishing a socialist market system, as formulated by the 14th Congress of the Chinese Communist Party.

China is now enjoying a period of economic growth, political stability, national unity and social progress,

Jiang says, adding that the policy formulated by the Party and government to develop the economy has proved to be correct.

Though China still faces new challenges as she marches ahead, she is determined and confident about overcoming all the obstacles, the Chinese leader tells listeners around the globe.

"We begin the new year and face the future with greater confidence and enthusiasm."

Looking ahead to China's tasks in the coming year, Jiang says that building socialism with Chinese characteristics demands adherence to the policy of reforms and opening up to the outside world, because "this is the only way to build a modern socialist China, and transform our motherland into a strong, prosperous, democratic and civilized country."

The whole Chinese nation hopes to rapidly transform China into a prosperous land, free from poverty and backwardness, Jiang stresses in his speech, adding, "We are an Asian country with 5,000 years of history and a population of 1.1 billion citizens. A prosperous and strong China will not only contribute to the happiness of the Chinese people, but also to all of humanity."

China's stability and development cannot be separated from peace, development and prosperity throughout the world.

"This relationship is obvious to most of you, I am sure," says Jiang.

Turning to the international situation the Chinese leader cites the accelerated process of multi-polarism and the popular wish for co-operation and relaxation of tension.

He points out, however, that the Earth is still far from peaceful. "The contradictions in some areas have intensified, resulting in turmoil and armed conflict. Hegemonism and power politics are still a big problem, challenging world peace and development."

Under these circumstance, the Chinese Government and people firmly adhere to an independent and peaceful foreign policy and have contributed to world peace and development, he points out.

Noting that China's international prestige has risen remarkably, the Chinese President says, "We have friends all over the world."

China will never seek hegemony, he goes on, and its development will not constitute a threat to any country. Jiang pledges that China will continue to develop friendly and co-operative relations with other countries on the basis of the Five Principles of Peaceful Co-existence.

"It is the sacred mission of the whole Chinese people including our Taiwan compatriots to complete the unification of the motherland. Unification is also the way China's history is going.

"People on both sides of the Taiwan Straits are longing for this. Any attempt to create "two Chinas," "one China, one Taiwan," and "one China, two governments," goes against the aspirations and fundamental interests of people on both sides of the Taiwan Straits.

"It is our hope that the Taiwan authorities take all this into consideration, put national interests above all, strive to unify the motherland and, together with the mainland create a more prosperous China," Jiang says.

In the speech, the Chinese President notes that the dates when Hong Kong and Macao return to the motherland are approaching.

Due to the fact that the British side persists in its wrong stand on the Hong Kong issue, the Sino-British talks on Hong Kong have broken. This is something that the Chinese Government did not want to see.

"But no matter what happens, we share the feelings and aspirations of the patriotic compatriots of Hong Kong. Our policy of 'one country, two systems' will not change, our principal stand of adhering to the Basic Law on Hong Kong will not change, and our resolution to restore China's sovereignty over Hong Kong will not change.

"We are fully confident that we have the ability to keep Hong Kong prosperous and stable for a long time to come."

Jiang invites more overseas friends and compatriots to visit China in the coming year.

Quoting an old Chinese proverb, "It is better to see once than hear a hundred times," Jiang notes that 1994 is the 45th anniversary of the founding of the People's Republic of China.

"In the coming year, we invite all of you to come to China and see for yourselves. Such contacts will promote mutual understanding, trust and friendship."

Jiang concludes his speech by wishing his listeners around the world very Happy New Year.

Li Peng Interviewed on Foreign, Domestic Issues

Views Foreign Ties, Hong Kong, Taiwan

HK0201090694 Beijing XINHUA Hong Kong Service in Chinese 0730 GMT 2 Jan 94

[**"Li Peng on Situation China Will Be Facing in Foreign Relations This Year, and the Issues of Hong Kong, Macao, and Taiwan": Report on interview with PRC Premier Li Peng by XINHUA reporter Zhou Shuchuan (0719 2885 2504) at Li's Zhongnanhai office; date note given**]

[Text] Beijing, 2 Jan (XINHUA)—China's foreign relations will be further expanded, the country is expecting a remarkable development of its relations with Europe as a whole, and new progress will possibly be made in the development of Sino-U.S. relations, the Chinese State Council Premier Li Peng said a few days ago, when making an analysis of the international situation and elaborating on the development trend of China's foreign relations.

In an interview with a XINHUA reporter, Li said: The year 1994 will be the third year since the end of the Cold War. Generally speaking, on the one hand, the international situation is tending toward relaxation and the world is accelerating its pace toward multipolarization. On the other hand, however, the world still faces many unstable factors, and the problems related to the two major concerns—peace and development—have yet to be solved.

He pointed out that Asia, especially the East Asian region, has remained relatively stable and has been enjoying sustained economic growth amid this turbulent world. This is an important special characteristic of the current international situation, and it can be expected that East Asia's position and influence in the world will be further strengthened in the coming year, he stated.

By the same token, he said, one can expect the further upgrading of China's international standing and the further expansion of its foreign relations. Speaking specifically, remarkable development can be expected in the overall relations between China and European countries, and as the Sino-U.S. summit has offered an opportunity for improvement in bilateral ties, new progress possibly will be made in Sino-U.S. relations. Facts have shown that there are broad, common interests in the relations between China and Western countries which form the basis of the relations between the two sides.

Li Peng expressed his wishes on the issues of Hong Kong, Macao, and Taiwan. He said: As the year 1994 is coming, the dates for the return of Hong Kong and Macao to the motherland are drawing nearer and nearer. No matter what happens, we are capable of resuming the exercise of China's sovereignty over Hong Kong as scheduled, while upholding the principle of "one country, two systems" and the principles already laid down in the Basic Law, and also is capable of maintaining long-term stability and prosperity in Hong Kong. Now that Hong Kong and Macao are closely linked with the China mainland economically, the two cities will enjoy greater economic prosperity in the wake of the economic development of the mainland.

Peaceful reunification of the motherland is a predominant trend and is in line with the popular will, Li added. To be sure, some people are still attempting to fabricate "two China's," "one China and one Taiwan," or "one country, two governments," all of which run counter to the historical trend and are contrary to the common aspiration and fundamental interests of the Chinese

people on both shores of the Taiwan Strait. We hope the Taiwan authorities will place national interests first, and will do more practical work to contribute to the reunification and prosperity of the motherland.

Li Peng said: I believe that the vast number of Taiwan compatriots, Hong Kong and Macao compatriots, and overseas Chinese—all of whom are the descendants of the Chinese nation—share a common aspiration for the prosperity of the Chinese nation, and all of us should continue to work together to achieve this goal in the new year.

'Fresh Progress' Seen for U.S. Relations

OW0301003294 Beijing XINHUA in English 2351
GMT 2 Jan 94

[Text] Beijing, January 3 (XINHUA)—Premier Li Peng predicted that in the year 1994, China will expand its relations with foreign countries, make "marked progress" in improving its relations with the European countries and achieve "fresh progress" in Sino-U.S. ties.

In an interview with XINHUA over the weekend, Premier Li analyzed the international situation and spoke on China's relations with other countries and its policies towards Hong Kong, Macao and Taiwan.

He noted that in 1994, the third year following the end of the Cold War, the international situation would go towards relaxation, with the world moving more rapidly to multi-polarization.

But on the other side, he warned, there are still many destabilizing factors in the world, and the two main themes, peace and development, remain unsettled.

He continued that in today's turbulent world, Asia, and east Asia in particular, remains relatively stable and its economy is growing continuously.

He described this phenomenon as "an important feature of the world situation today" and predicted that east Asia will continue to improve its standing and have a greater influence on the whole world in the new year.

Li was also confident that China will improve its international standing and further expand its relations worldwide in 1994.

He believed that China will make marked improvement in its relations with the European countries as a group.

The Sino-U.S. summit in Seattle last November provided a good opportunity for the improvement of bilateral ties, Li said, adding that it is possible that such ties will see new development in the new year.

"Facts show that there exist wide-ranging common interests between China and the Western countries, which form the basis for improving Sino-Western relations," Li stressed.

The premier said that 1994 brings China nearer to recovering its sovereignty over Hong Kong and Macao.

No matter what happens, he said, the Chinese Government has the ability to restore its sovereignty over Hong Kong as scheduled, uphold the "one country, two systems" policy and the Basic Law for Hong Kong and maintain long-term stability and prosperity in Hong Kong.

Hong Kong and Macao are more closely connected with the mainland economically, he noted, adding that the continuous economic development in the mainland will ensure increasing prosperity in Hong Kong and Macao.

Premier Li continued that the peaceful reunification of China is the general trend of historical development and a popular wish of all the Chinese people.

The attempt by some people to create "two Chinas," or "one China, one Taiwan," or "one country, two governments," runs counter to the development of history and to the fundamental interests and wishes of the people on the mainland and in Taiwan, Li said.

He called on the Taiwan authorities to place the interests of the Chinese nation above everything else and do more practical things for the reunification and prosperity of the motherland.

In conclusion, Premier Li urged all the Chinese in Taiwan, Hong Kong, Macao, the Overseas Chinese and those Chinese residing abroad to work for the prosperity of the Chinese nation.

Outlines Planned Reform Measures

HK0301072394 Beijing XINHUA Hong Kong Service in Chinese 0634 GMT 2 Jan 94

[By staff reporter Zhou Shuchun (0719 2885 2504): "Li Peng Looks At the Prospects for the General Trend of China's Reform in 1994"]

[Text] Beijing, 2 Jan (XINHUA)—Chinese Premier Li Peng, in an interview with this reporter at the turn of 1994, said that this year China will take a number of major reform steps, which will be prudent and steady.

Li Peng gave the interview in his Zhongnanhai office. He outlined the trend in China's economic development for 1994 in two sentences: "Reform will push ahead with major steps. The economy will develop in a sustained, rapid, and healthy manner."

He said: Specifically, the major reform steps will come in establishing the modern enterprise system and a restructuring of the finance, tax, monetary, investment, and foreign trade fields. All these will be oriented to building a socialist market economy.

The State Council has proposed setting this year's economic growth rate at 9 percent, lower than that of last year, he said.

With two successive years of high growth, some sectors of the economy are considerably burdened, with such "bottlenecks" as energy and communications presenting greater restrictions on economic growth. A relatively relaxed environment is necessary for sustained economic growth, he said.

As compared with the economic growth rates in other countries in the world, 9 percent still represents a rather high growth rate. There may be many interpretations of "healthy development" but, for the present, it should primarily be defined as improvement of industrial structure and enhancement of economic efficiency, he said.

During the nearly 90-minute interview, Li went to great lengths to expound the policy of price reform, saying that this will be in coordination with reforms in other fields, with the goal of keeping the price system in line with the rules of the market. Price reform must be carried out in a positive and prudent way, he said.

In the past decade and more, China has taken major steps to reform the price system and has freed the prices of most commodities as planned, accumulating a wealth of experience. So far, 90 percent of commodities are regulated by the market, with only the prices of a small number of commodities which have a direct bearing on the national economy and people's livelihood, still under state control.

The small number of commodities is mostly from the basic industries. The unreasonably low prices of these commodities have encouraged consumption and prevented the relevant industries from being developed. Readjusting these prices will involve greater difficulties, Li said. For example, the oil industry could not possibly be developed without readjustment of oil prices but the readjustment of oil prices would certainly affect the prices of oil products. So, we must readjust the prices step by step and in a very prudent manner.

As China's markets are not yet fully fledged, a spontaneous and blind tendency tends to develop in the market. It is necessary for the state to practice macroeconomic control at the right time to protect the interests of the general public, he said.

With every major reform measure we will take into account the capacity to bear of the country, enterprises, and people and adhere to the principle of step by step. If we take too drastic measures, they will certainly affect enterprise production costs and the people's livelihood.

Li referred to the recent price fluctuation of grain in certain regions, which he said arose from a variety of reasons.

As the government has sufficient grain reserves and state-owned grain sales departments function as the main channel, the fluctuation has gradually calmed down, he said.

While this shows the strength of state macroeconomic control, the fluctuation should serve as lesson: That is,

even with a good economic situation, we can never afford to lower our guard on the issue of prices and the governments at all levels must not wash their hands of the business, he said.

Asked whether reform of the fiscal and tax systems, which might affect the interests of some localities and enterprises, will be carried out smoothly, Li Peng pointed out: In carrying out the fiscal and tax system reform, we mainly follow the principles of unifying tax laws and fairness of tax burden and change the fiscal contractual responsibility system into a tax-sharing system. The reform represents a restructuring of the interests mix and will not levy more tax or increase burdens on enterprises in general, so the reform will be in the interests of various quarters.

The chief purpose of the reform of the fiscal and tax systems is to build up a reasonable tax system that will be in keeping with international practices and the demands of the socialist market economy. The tax-sharing system is a fiscal management system widely introduced by other countries practicing the market economy.

With the introduction of the tax-sharing system, the government will certainly strengthen its capacity for macroeconomic control but most of the central government's increased revenues will return to localities in different ways, he said.

Taking the ability to bear of localities and enterprises into account, and to ensure that the old and new systems dovetail, a transition period has been arranged during which the current pattern of interests distribution will remain unchanged. Even after that, the central government will only gradually raise its ratio of revenues from the increased portion of taxes, he explained.

Concerning the relationship between the reform of the fiscal structure and the reform of the investment structure and that between the reform of the foreign exchange structure and the reform of the foreign trade structure, Li Peng said: The reform of the fiscal structure will promote the reform of the investment structure. The current practice in a society under the market economy shows that investment is regulated by the financial market, that the number of projects is determined by the amount of money available, and that the investment plan is determined by the industrial policies.

On unification of the rates for yuan and the establishment of a single, controlled, and floating foreign exchange based on market supply and demand, the premier said this will be conducive to China's opening up and the development of its foreign trade and economic cooperation with foreign countries.

This will also produce a positive impact on the process of gradually converging China's economy with the world economy, he said.

On Central-Local Ties, 'Unevenness'*HK0201092094 Beijing XINHUA Hong Kong Service in Chinese 0732 GMT 2 Jan 94*

["Li Peng Says the Third-Generation Leading Collective Is Maturing": Report on interview with PRC Premier Li Peng by XINHUA reporter Zhou Shuchuan (0719 2885 2504) at Li's Zhongnanhai office; date note given]

[Text] Beijing, 2 January (XINHUA)—When greeting the coming of the new year, State Council Premier Li Peng said in an interview by XINHUA that China's modernization drive not only has theoretical grounds, but also has organizational guarantees. We are more confident than any time before of China's future.

Li Peng said when analyzing the reasons for the world's new understanding of China in 1993: The fundamental reason was that China's reform, opening, and economic construction made great development under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

He said: Just a number of years ago, when seeing the drastic changes in Eastern Europe and the dissolution of the Soviet Union, some people in the world alleged that "China would also collapse." Facts showed that China did not collapse; instead, it developed and grew stronger. At present, many economists and commentators in the world and even some politicians have made more optimistic predictions and forecasts on China's economic strength and developmental vista than we did. Although such predictions and forecasts may not be in keeping with the facts, in any case they reflect from another angle the world's acknowledgement of China's achievements.

Li Peng pointed out: At present, Deng Xiaoping's theory of building socialism with Chinese characteristics not only has taken shape completely, but also has shown its strong effectiveness in practice. At the same time, the third generation leading collective, with Jiang Zemin as the core, has taken shape and has been maturing gradually. Thus, our modernization drive not only has theoretical grounds, but also has organizational guarantees. Today we are more confident of China's future than at any previous time.

He pointed out, however, that in the world, some people who harbor malicious intentions are still spreading the allegation about the "China threat" in an attempt to sow discord between China and its neighboring countries and to undermining China's favorable surrounding environment. It was a U-turn from the allegation about China's "collapse" to the allegation about the China "threat," and such arguments were indeed perplexing. The two extreme ideas reflected some people's ignorance about China's real situation. A developed and strong China will never pose a threat to any other country, but will only make greater contributions to world peace and development.

As for how to approach some different opinions between the central and local authorities, or between different localities, and how to approach unevenness in economic development, Li Peng said: China is a unified country, and the socialist market economy we are striving to build is also a unified market.

He said: Of course, it is hard to avoid different opinions on various issues between the central and local authorities, and there certainly is unevenness in economic development between different localities. The gap between China's east and west is widening, but the western region itself has developed, and the living standards of the people there also have been continuously raised. In the world, uneven development is also a common phenomenon, and there is no exception in various countries. In addition, the party and government have fully noticed the gap between the east and the west of the country, and are taking measures to solve this problem.

Li Peng said: If some people are worried, out of their good will, about the development unevenness in various parts of China and the contradictions caused by some reform measures or by some local interests, then their concern is understandable. However, if some people, out of their ill intentions, hope and even assert that the development unevenness between the east and the west of the country will lead to China's division, and if they want to see trouble occur in China, then their hope certainly will fall through.

On Mature Leaders, Modernization Drive*OW0301001794 Beijing XINHUA in English 2349 GMT 2 Jan 94*

[Text] Beijing, January 3 (XINHUA)—Chinese Premier Li Peng, interviewed by XINHUA over the weekend, expressed confidence for China's future, saying that the country's modernization is ensured with "organizational guarantee as well as a theoretical basis."

Explaining the reason why the world began to have a new understanding of China in 1993, Premier Li said the fundamental reason lies in the fact that guided by Deng Xiaoping's theory of building socialism with Chinese characteristics, China has scored great progress in reform, opening up and economic development.

Only a few years ago, amidst the drastic changes in eastern Europe and the disintegration of the former Soviet Union, some people abroad spread the idea that China would collapse.

"Facts have shown that China, instead of collapsing, has developed and grown in strength," Li noted.

"Some economists, critics and statesmen in the world have made more optimistic estimation and prediction than we do with regard to China's economic strength and prospect of development," Li said. "though not tallying with the realities, this reflects the world's acknowledgement of China's achievements from one perspective."

A full set of Deng's theories on building socialism with Chinese characteristics has not only taken shape, but also displayed great power in practice, Li said. "The third generation of Chinese leadership, with Jiang Zemin as the core, has not only been established, but has been maturing as well."

"Thus, our modernization drive is blessed with organizational guarantee as well as a theoretical basis," Li said. "Today, we are more confident than ever about the future of China."

However, he pointed out that some people are spreading a theory that a powerful China would constitute a threat, with the purpose of sowing dissension between China and its neighbors, and thus to spoil China's good surrounding environment.

"From the theory of collapse to the theory of threat, this is indeed a 180-degree turn and is really hard to understand," Li said. "These two ideas, which both go to extremes, show total ignorance of China's realities."

A developing and more powerful China will not threaten any country, Li said. "Instead, it will only make greater contribution to world peace and development."

As for how to view possible differences between the central government and localities and the imbalanced development between different parts of the country, Li said: "The socialist market economy we are going to build up is a unified market."

Though the gap between China's eastern and western parts has expanded, the western part has been developing and the people's life there has been improved, Li said, adding that imbalance of development is a universal phenomenon in the world.

"The party and government are fully aware of this problem and taking measures to solve it."

"It is understandable if some people, out of goodwill, worry that contradictions might arise from the imbalanced development between different regions and some reform measures that affect some local interests," Li said.

"If some hostile people expected or even predicted that the gap between China's eastern and western parts would lead to a split in the country, hoping to see problems occur inside China, they are doomed to be disappointed," he said.

Publication Carries Interview With Li Peng
*OW0201094394 Beijing Central People's Radio
Network in Mandarin 2230 GMT 31 Dec 93*

[From the "News and Press Review" program]

[Text] The first issue of ZHONGHUA YINGCAI [CHINA'S TALENTS] magazine for 1994—which was published today—carries Premier Li Peng's lengthy

remarks during an interview with the magazine's reporter. Li Peng expressed his important views on such issues as the domestic and international situation, as well as economic work in 1994.

He said: Sustained, rapid, and healthy development is our motto [ti fa] for development, and an efficiency-based growth rate is our demand. We should implement the principle of stressing both development and frugality, optimize our structure, expand our transport capacity, and expedite infrastructure construction. On the other hand, we should carry out some long-term construction projects. In real estate development, we should principally build medium- and low-end housing to solve urban residents' housing problems.

Foreign Minister Qian Interviewed at Year's End

Views U.S. Relations, Achievements

*OW3112162093 Beijing Central Television Program
One Network in Mandarin 1147 GMT 31 Dec 93*

[Interview with Qian Qichen, vice premier and foreign minister, by an unidentified station correspondent; place and date not given; from "The World Today" program—recorded]

[Excerpts] [Video shows Qian Qichen in a dark Western business suit seated opposite a male correspondent]

[Correspondent] Vice Premier Qian, thank you for accepting our interview. A review of the international situation over the past year reveals an Asia-Pacific fever. Some call 1993 the "Year of the Asia-Pacific Region." Its hallmark is the Seattle meeting in November. What are the political and economic factors behind this Asia-Pacific fever? Please discuss them with our viewers.

[Qian] The emergence of Asia-Pacific fever is not accidental. Economic factors have become the most prominent issue following the end of the Cold War. Economic factors are playing an increasing role in the relations of various countries. The Asia-Pacific region currently enjoys excellent economic development while the rest of the world is in a general economic recession. The Asia-Pacific region can now be described as the most economically vibrant part of the world. Politically, the region now enjoys relative stability and relatively good interstate relations, possessing a dwindling number of hot spots at a time when some countries are politically unstable, engulfed by an endless stream of regional conflicts. Therefore, politically speaking the emergence of Asia-Pacific fever is only natural, as is the way developments in the Asia-Pacific region have become the focus of widespread attention. [announcer-read passage on the Asia-Pacific region's growing importance in international diplomacy omitted]

[Correspondent] The Chinese and U.S. leaders held an official meeting in Seattle. The event was the focus of international attention. Would you please tell us what

impact the official meeting between the Chinese and U.S. leaders will have on future Sino-U.S. relations?

[Qian] Presidents Jiang Zemin and Clinton held an official meeting in Seattle for the first time in five years. In my opinion, the meeting between the Chinese and U.S. leaders carried vital significance. To be sure, the meeting of the top leaders was not an occasion for specific discussions; it was an occasion for exchanging views on major issues. The development of Sino-U.S. relations was discussed from a long-term perspective and within a broader context. China and the United States have many common interests. At the same time, differences exist. Both sides are aware it is necessary to carry out exchanges and cooperation in accordance with the principle of common interests. At the same time, both sides also know it is necessary to carry out frank [tan cheng] dialogue to deal with these differences. This formula will lead us to the correct path for solving and developing Sino-U.S. relations and for eliminating obstacles. [announcer-read passage on Western political crises in 1993 omitted]

[Correspondent] In sharp contrast to the Asia-Pacific fever, this year Western countries have generally experienced political crises which have led to changes in regimes and role reversals for governing and opposition parties. People have demonstrated a mentality of change. Would you please discuss the main reasons for the political crises in the West?

[Qian] Public opinion in the West terms the current phenomena as post-Cold War syndrome. A very important reason for the occurrence of this phenomena is people in various countries have begun to turn their attention inward following the end of the Cold War because they have grown more concerned about domestic affairs. Domestic economic, social, and political contradictions; scandals; and other issues have become matters of great concern to people in those countries. This has led to changes in the original political structure. Economically, the entire Western world has been mired in an economic recession since the beginning of the nineties; the economies of some countries have become stagnant, whereas the economies of others have grown at a very slow pace or posted zero and negative growth. Unemployment rates in the West are high. This has caused social unrest and spawned a post-Cold War syndrome. [announcer-read passage on Russia's political and economic problems omitted]

The problem with Russia seems to be that the difficulties it encountered following the change in political power and in economic restructuring are far greater than previously anticipated. Russia is our largest neighbor. Because it is our neighbor, we of course hope the situation there will stabilize as soon as possible and its economy will develop gradually. [announcer-read passage on the world's political and economic situation following the end of the Cold War omitted]

[Correspondent] The international situation has undergone major changes following the end of the Cold War. What kind of impact do you think the new international situation will have on China's future development?

[Qian] The situation arising in the wake of the Cold War has posed new challenges to all countries. However, the successful maintenance of world peace is the most important thing. During these past two years—1992 and 1993—our country's economy began the course of rapid and healthy development. This precisely demonstrates the importance of the maintenance of world peace; this situation is very conducive to China's development.

[Correspondent] What diplomatic achievements do you think China has achieved this year?

[Qian] Diplomacy is the extension of domestic affairs. Because our country's domestic situation is very good, the situation on our diplomatic front is likewise very good. More than 30 foreign heads of states and government leaders, as well as over 50 vice presidents, vice premiers, and foreign ministers, have visited China this year. Our diplomatic activities are relatively active; a total of 158 countries have established diplomatic relations with us. The emphasis of our diplomacy is to strengthen relations with our neighbors and establish good-neighborly relations with them; to strengthen unity and cooperation with developing countries; and at the same time to establish economic and trade relations with countries throughout the world. Two major events of great importance took place last November. One was German Chancellor Kohl's visit to China, and the other was the meeting between Presidents Jiang and Clinton. These two events signified that Western powers have begun to show interest in developing constructive relationships with China. In other words, both Western public opinion and Western business communities have a sanguine view of China's economic development; everyone wants to do business with China. Under these circumstances, politicians in the West feel it is necessary to establish constructive relationships with China. I believe that in the new year, we may have diplomatic breakthroughs in this respect.

[Correspondent] What will be the emphasis of our diplomatic activities in 1994?

[Qian] The emphasis of our diplomatic activities next year remain the creation of a favorable and peaceful international environment. This can be divided into two parts. On the one hand, we will strengthen good-neighborly relations with our neighbors. On the other, we will develop broad economic and trade relations with all countries. What is especially important is what I have just said. After the Seattle meeting, we hope Sino-U.S. relations as well as relations between China and Europe will develop further. We hope a breakthrough will be made in this respect.

[Correspondent] Thank you.

Beijing Radio Airs Comments

*OW3112121693 Beijing Central People's Radio
Network in Mandarin 0900 GMT 31 Dec 93*

[Interview with Qian Qichen, vice premier and foreign minister, by unidentified station reporter; place and date not given; from the "Global Information" program—recorded]

[Text] [Reporter] Vice Premier Qian, how are you?

[Qian] How are you?

[Reporter] On behalf of our listeners, I would like to first express our thanks to you for agreeing to this interview in spite of your busy schedule.

[Qian] I am also very glad to be interviewed by the Central People's Broadcasting Network. I would like to take this opportunity to send my regards to listeners across the country.

[Reporter] Thank you. Vice Premier Qian, 1993 is coming to an end. We would like to ask you to briefly review the international situation over the past year in your capacity as foreign minister.

[Qian] The past year has been unusual. The international community has witnessed many significant events. There have been both inspiring developments and worrisome issues. The civil war in Cambodia, which had dragged on for more than 10 years, was eventually brought to an end. Palestine and Israel accorded each other recognition, fueling hope for a solution to the Middle East issue. After eight years of difficult negotiations, the Uruguay Round of trade talks eventually produced an agreement. These are all inspiring. However, the world is still far from peaceful. Regional disturbances and bloody conflicts have continued unstopably. The global economic recession has cast a shadow over many countries. The number of unemployed people in the United States has surpassed 10 million. The unemployment rate in the EC has breached the double-digit mark, forcing 18 million people out of work, the highest total since the end of World War II.

Nevertheless, the economies in the Asia-Pacific region—especially those in East Asia—have maintained robust growth throughout the year. According to data provided by the Asia Development Bank, the gross domestic product of the major Asian countries increased by an average of 7.1 percent in 1993, turning the region into the most economically vibrant part of the world with the world's highest growth rate. Such growth has breathed new life into the world's economic development. China is an important member of the Asia-Pacific region. Over the past two years, our country has increased its gross national product by some 13 percent annually. Its foreign trade volume in 1993 is expected to top \$190 billion. The scene is one of national prosperity, peace, good administration, harmony, success, and promise. International public opinion, as well as that of the

business community in various countries, is upbeat about China's prospects for economic development.

In the past year, our country has achieved great success in foreign affairs under the leadership of the Jiang Zemin-led CPC Central Committee. Our country has further improved its good-neighbor and friendly relations with neighboring countries, bringing these relations into the best-ever period since the founding of New China. Our country has maintained stable and friendly relations with developing countries. Its relations with European nations and the United States have either improved markedly or developed. The heads of state and government of some Western countries have visited China. The official meeting between the heads of state of China and the United States in Seattle has enhanced mutual understanding, and this has brought about a new beginning in Sino-U.S. relations. While consolidating our gains, we will not forget the support and assistance given to us by countries and people who have upheld justice. Looking ahead, we are full of confidence. China's development cannot be divorced from the world's, and the development of the world also needs China. We are ready to work together with all countries of the world and to make greater contributions to international peace and development.

[Reporter] Vice Premier Qian, today when the world economy in general is in a slump, the economies in the Asia-Pacific region are, as you just said, developing vigorously. Last April, you attended the 49th annual meeting of the UN Economic and Social Commission for Asia and the Pacific, and last November you again flew to Seattle to attend the fifth ministerial meeting of the Asia-Pacific Economic Cooperation [APEC] forum. Could you give your views on APEC's prospects for development and China's role and position in the Asia-Pacific region?

[Qian] The population of the APEC member states accounts for two-fifths of the world's population. Their GNP's and volume of foreign trade represent 50 percent and 40 percent, respectively, of the world's total. In recent years, the economic growth rates of the great majority of its members far exceeded the world's average. In addition, the economies of these countries and regions are fairly complementary to each other, thus providing very favorable conditions and a foundation for economic cooperation. Furthermore, a major attribute of the region is its variety. The region has both developed countries and countries which are still developing, both sovereign countries and regional economies, both Oriental civilizations and Western cultures. Social systems and ideologies vary or even differ greatly from one country and region to another.

This variety dictates that economic cooperation in the Asia-Pacific region can only be based on common economic interests. Only by opening themselves to each other and adopting flexible and diversified approaches in accordance with the principles of mutual respect, seeking common ground while putting aside differences,

and equality and mutual benefits can economic cooperation in the region produce substantial results. The realities in this region show that the conditions for establishing an economic community for the Asia-Pacific region are not yet ripe.

[Reporter] Vice Premier Qian, you have had frequent foreign visits and busy diplomatic activities at home this year. Particularly during this year's UN General Assembly, you met with the leaders of more than 60 countries. I believe that this kind of broad contacts reflects China's importance on the international stage. We would like to ask you to discuss China's position and role on the international stage.

[Qian] China is the largest developing country in the world and one of the five permanent members of the UN Security Council. Thus, China's obligations and influence in the world are obvious. China upholds a foreign policy of independence and peace. We stand for establishing a new order governing international relations on the basis of the Five Principles of Peaceful Coexistence. In international affairs, we are opposed to interference in the internal affairs of other countries, to hegemonism, and to power politics. At the UN forum, we uphold justice and seek to safeguard the legitimate rights of developing countries. We have made our due contributions to safeguarding international peace and security, promoting the political settlement of regional flash-point issues, and easing tensions.

As China accelerates reform and opening up, its economic relations and trade with other countries of the world have continued to expand. China's market has been increasing in capacity. A huge market potential is becoming a reality. This has great appeal to Western countries for investing in China and conducting all kinds of business activities. As President Jiang said in Seattle, a stable, developed, strong, and prosperous China will not pose a threat to any country but will only make greater contributions to peace and development in Asia-Pacific region and in the world as a whole. This is the role that China should play on the international stage.

[Reporter] Vice Premier Qian, China has made great progress in its foreign relations in the past year. China has established diplomatic relations with 158 countries. Could you analyze for us the characteristics of China's diplomatic activities in the past year?

[Qian] China has made great progress in its foreign relations in the past year. As you just mentioned, China has established diplomatic relations with 158 countries. In the short period of only one year, more than 30 heads of states or government leaders and over 50 vice premiers, presidents, and foreign ministers visited China. Arguably, our country's foreign relations have expanded. Especially important, I think, were two events which took place in November. One was the visit by German Chancellor Kohl to China, and the other was President Jiang's official meeting with Clinton in Seattle. These two events signified that Western powers are beginning

to adjust their policies toward China. In view of China's economic development, the world is taking a new look at China and is carrying out a new appraisal of its weight and the role it is capable of playing. This is a very important change.

[Reporter] Vice Premier Qian, thank you for granting us this interview. Before concluding this interview, we would like to ask you to say a few words to our listeners.

[Qian] Today is the last day of 1993. I would like to wish everyone a happy new year. I wish comrades and listeners success in your work and happiness in your family life, and I hope that everything goes according to your wishes. I also want to add that the "Global Information" program of the Central People's Radio Network has done a great job of providing information and improving listeners' understanding of international issues. I take this opportunity to congratulate you and express my appreciation. Thank you.

Vice Foreign Minister Discusses World Situation

OW0201181094 Beijing China Radio International in English to Western North America 0400 GMT 31 Dec 93

[Report on interview with PRC Vice Foreign Minister Tian Zengpei by correspondents (Deng Xiujian) and (Shi Yan); place and date not given; from the "Current Affairs" program]

[Excerpts] Negotiation and conflict, progress and setback; it all happened over this outgoing year. To review the year's development, our reporters (Deng Xiujian) and (Shi Yan) interviewed Vice Foreign Minister Tian Zengpei and two international affairs researchers. Here is (Lin Shaowen) with this year-end special "Global Briefing 93."

Vice Foreign Minister Tian Zengpei says that 1993 is the second post Cold War year. The world on the whole is gradually becoming a multipolar system. He admits that instability is on the rise, although a new world war is unlikely in a short time. Tian Zengpei says one important change in 1993 was the rise of the Asia-Pacific region in terms of political and economic importance. Tian Zengpei says the rapid and steady economic growth in Asia has become the focus of world attention and contrast with the recession elsewhere, especially in the industrial world. The national GNP in major Asian nations rose by 7.1 percent in 1993. He says the combined total economic strength of Asian nations around the Pacific Rim is now one quarter of the world total. This has forced many countries to adjust their foreign policies. The U.S. Government has gradually shifted its foreign policy focus to the Asia Pacific as President Clinton believes that it will play a most important role in the U.S. economy. Signs show Japan is returning to Asia economically. With half of its overseas investment in East Asia, Japan has surpassed U.S. as the leading investor in the area. European countries such as Germany have also adopted new policies toward Asia. In

contrast, industrialized countries all suffer from a kind of post Cold War syndrome. Tian Zengpei says many western countries suffer from the longest economic recession since World War II. This caused social problems and political instability. Public demonstrations continue. Some ruling parties which have been in power for long period were crushed at the polls. Some government leaders have to be replaced. The vice foreign minister calls it the second most important characteristics of the year. [passage omitted]

Vice Foreign Minister Tian Zengpei says regional economic cooperation is most valued. The European Community has approved the Maastricht Treaty on closer European union. The United States, Canada, and Mexico endorsed the North America Free Trade Agreement to develop the region into the world's largest free trade zone. The Asia-Pacific Economic Cooperation forum held its first minister meeting and an informal leadership meeting, pledging to strengthen cooperation in economic and trade matters. And finally, in December, after tough bargaining, 117 countries concluded the Uruguay Round agreement on global trade under the auspices of the General Agreement on Tariff and Trade. [passage omitted]

'Yearender': 'Advances, Setbacks' in Sino-U.S. Trade

HK3012143493 Beijing ZHONGGUO XINWEN SHE
in Chinese 0720 GMT 28 Dec 93

["Yearender" by staff reporter Liu Liping (0491 4539 1627)]

[Text] Washington, 27 Dec (ZHONGGUO XINWEN SHE)—There were both advances and setbacks in Sino-U.S. trade this year. This was the appraisal of Wang Tianming, counselor responsible for economic affairs and commerce at the Chinese Embassy in the United States. He believes problems during the year will soon become a thing of the past. He said: Sino-U.S. economic trade relations underwent relatively many difficulties in 1993, nevertheless, they saw a degree of improvement.

Quoting statistics released by the Chinese Customs, Wang Tianming said: The total volume of trade between China and the United States was \$20.4 billion in the first 10 months of this year, with the former's export trade with the latter put at \$12.9 billion, a rise of 17 percent, and its import trade with the latter put at \$7.5 billion, a gain of 11 percent over the same period last year. It is expected that by the end of this year, China's import trade with the United States will be over \$9 billion. The United States is China's third-largest trade partner.

According to the Tianming's briefing, China's exports to the United States were mainly textiles and light industrial products, while China's imports from the United States centered on machinery and technology-intensive commodities. Together they made up 75 percent of China's total import from America. U.S. investment in

China increased a lot over last year; many large enterprises and companies made long-term investments in China. According to current available statistics, the cumulative number of projects using U.S. investment in China is 6,383, and the amount of money involved in their agreements totals \$10.6 billion, of which \$3.3 billion has been utilized. The United States has thus ranked itself after Hong Kong and Taiwan in terms of investment in China.

China has made great efforts, according to Wang Tianming, in developing Sino-U.S. trade this year. Up to today, in the newly established "Statements of the Ministry of Foreign Trade and Economic Cooperation of the PRC," four internal regulation documents have been made public to increase the transparency of trade, while taxation on 2,898 commodities has been lowered. China has revised its trademark law and entered into a patents treaty. Sino-U.S. memoranda on market access, intellectual property rights, and products made by China were signed a year ago. The authorities concerned in China have offered great help to U.S. enterprises in obtaining protection for intellectual property rights. In March this year, Chinese and U.S. Government delegations reached a relatively satisfactory understanding on how to implement the memoranda on products made by prisoners....

Wang Tianming stated: Of the problems and difficulties facing Sino-U.S. economic and trade relations, the first is the annual reviewing and approval of most-favored-nation [MFN] treatment, which causes a sense of instability and insecurity among U.S. industrialists and businessmen. This way of doing things has a direct bearing on the trade cooperation between China and the United States. On the intellectual property rights issue, although China has made great efforts, the United States still declared it was altering China's listing from a nation under general observation last year to a key nation on the list. The United States still restricts export of high-tech products to China and has not yet lifted the sanctions imposed upon it. At the same time, the United States has imposed more and more new restrictions on the import of Chinese products. Textiles are the traditional major commodities China exports to the United States. The Sino-U.S. agreement on textiles, currently in force, is to expire by the end of this year. Both sides have held three rounds of talks on signing a new agreement. Because the United States persisted in demanding that the Chinese accept totally the penalty article in the anti-corruption provision, which was in violation of international norms, and the article which one-sidedly stressed U.S. rights, the talks made no progress.

Wang Tianming pointed out: It is not strange that there are problems and differences in the economic and trade activities between China and the United States. It is necessary for both sides to seek a solution through dialogue and on the basis of mutual benefit and cooperation rather than using sanctions as a means to put pressure on the other. Putting pressure on others will solve no problems.

Wang Tianming said: As for the coming year, it is of great significance to accelerate China's reform and to open up to the outside world. As far as the economic and trade fields are concerned, reform will be carried out in areas such as the foreign economic and trade structure and systems covering foreign investment, banking, taxation, and foreign exchange. The state will promulgate a dozen economic laws and regulations next year, including the foreign trade law, the foreign investment law, the company law, the securities law, the fair trade law, the antidumping law, and the antisubsidy law, which will have much to do with the development of Sino-U.S. trade. With a population of 1.1 billion people or more, China has a huge market potential. Tianming revealed that in the next seven years, China would introduce, from abroad, 210 major technological items ranging over 23 trades and with a gross value of almost \$30 billion. He said: As China and the United States are economically highly complementary, China will seek U.S. technology and advanced technical know-how, while the latter will require China's abundant manpower resources and its vast market. Economic and trade activities between the two countries are very promising.

Further development of Sino-U.S. economic and trade relations, Wang said, required great efforts by both sides. The solution of the MFN treatment problem, which was viewed as the bedrock of Sino-U.S. economic and trade relations, was advantageous to both countries. Economic and trade activities between China and the United States will develop in a healthy way so long as the United States gives up its annual practice of reviewing and approving China's MFN treatment.

China and the United States will hold the eighth joint committee meeting in Washington April of next year. This will be the first time the Clinton administration will hold such a meeting with China. China, Wang said, was actively making preparations for the meeting, and would then send a large investment seeking delegation comprising central and local enterprises to the United States. At the same time, China was also considering dispatching a procurement group to the United States. He stated: China hopes that the meeting will contribute to the further development of Sino-U.S. economic and trade relations.

Various Issues Examined as XINHUA 'Yearender'

U.S. Policy 'Undergoing Readjustment'

OW3112110093 Beijing XINHUA in English 0930
GMT 31 Dec 93

["Yearender" by Ying Qian: "U.S. Foreign Policy Undergoing Readjustment"]

[Text] Washington, December 31 (XINHUA)—As the first U.S. president after the ending of the cold war, Bill

Clinton has made noticeable readjustments in the U.S. foreign policy in 1993, the first year of his administration.

Among the changes, the most important is to take the economic issue as a matter of national security and place it at the center of U.S. foreign activities.

With the cold war over, the military threat posed to the U.S. by the former Soviet Union no longer exists and the strategy of global confrontation with the Soviets pursued by the U.S. Government in the past 40 years has lost its real significance.

On the other hand, the U.S. is declining in its economic power with an enormous amount of resources put into the nuclear arms race, serious economic and social problems and a high unemployment rate in three consecutive years.

Since taking office in January, President Clinton has taken economic recovery as the first priority of his administration and made efforts to push forward an "economic diplomacy" with the aim of expanding overseas markets, increasing exports of U.S. goods and services, cutting deficits in U.S. foreign trade and creating more jobs for Americans.

As part of the efforts, the Clinton government made a three-pronged assault in the last few months to ensure success in three major aspects of vital interests to his country.

First, through extensive and arduous lobbying, it won congressional approval of the North American Free Trade Agreement (NAFTA) to pave the way for the creation of the world's largest free trade bloc with Canada and Mexico.

Second, after bitter bargaining, the United States reached a compromise with the European Community in the seven-year-long Uruguay-Round multilateral trade talks by the final deadline of December 15.

If these two achievements still bear the trademark of the previous government, the move to develop relations with Asian countries is mainly a Clinton initiative.

The sustainable economic growth in Asia, especially East Asia, since the 1980s has made the region the most prosperous part of the world. The vast market in Asia and its potentials have no doubt a strong appeal to the rest of the world, including the United States.

Therefore, Clinton has changed a practice usually adopted by his predecessors soon after he entered the White House—he went to East Asia for his first overseas visit. The President and his senior administration officials have not only repeatedly stressed the importance of Asia-Pacific to the United States, but have also frequently visited this region.

In congressional hearings on foreign policies, the administration's policies on Asia-Pacific have also taken a very large proportion.

At the fifth ministerial conference of the Asia-Pacific Economic Cooperation (APEC) held in Seattle in November 1993, Clinton took advantage of his position as the host and called an informal meeting of APEC leaders to discuss cooperation and development of the region.

Proceeding from reality, the U.S. Administration has also adjusted its policies on China. During the Seattle conference, Clinton held a formal meeting with Chinese President Jiang Zemin, thus making a new, good start in Sino-U.S. relations.

All this shows that the U.S. Administration has changed its traditional "Eurocentric" policy and begun to attach importance to developing relations with Asia in its foreign policies.

As the sole superpower today, the United States, while valuing "economic diplomacy," has of course not forgotten its "status of leadership" over world affairs.

In this regard, the Clinton administration, unlike its predecessors, has stressed even more seriously the linkage of U.S. foreign relations with the so-called issues of "democracy" and "human rights" of other nations. It forces other nations to act according to the American concept of values and constantly threatens rejectors with economic or trade sanctions.

Furthermore, the Clinton administration has maintained that the United States and other nations adopt allied actions to interfere with regional conflicts and other "inhuman practices" under the name of the United Nations and other international organizations.

This foreign security strategy of the Clinton administration's has been dubbed by the U.S. media as "collective interventionism" or "new interventionism."

Whether it is "economic diplomacy" or "new interventionism," the fundamental purpose of Clinton's adjustment of foreign policies is to maintain the U.S. status as "the superpower" and to build a new world order in the interest of the United States.

However, time brings great changes to the world—many Western countries no longer act upon whatever the United States says and the voice of opposition to foreign interference from vast numbers of developing nations is becoming increasingly louder.

The United States has sustained a series of setbacks in its military operations in Somalia; its once hardline positions on Bosnia-Herzegovina and Haiti also aroused strong reaction domestically, sparking off a heated debate on future American foreign policies.

It has been noticed that the Clinton administration has begun to adopt more realistic attitudes on Somali and

other regional conflicts. But, judging from the overall situation, it is noticeable that the overhaul of U.S. foreign policies has not yet finished as the foreign policy of the Clinton administration is still taking its shape.

'Violent Political Turbulence' in Russia

OW3112094993 Beijing XINHUA in English 0814
GMT 31 Dec 93

["Yearender" by Wan Chengcai: "1993, Year of Violent Political Turbulence in Russia"]

[Text] Moscow, December 31 (XINHUA)—The year 1993 has witnessed violent turbulence on the uncertain Russian political arena.

The deteriorated "dual political power" crisis, involving the pro-radical-reform government and the rebel parliament, was culminated in a bloody October incident in Moscow and the Moscow authorities were totally taken aback by the outcome of the new parliamentary elections in mid-December. President Boris Yeltsin came to the conclusion a week ago that all the people have again come to see how complicated and contradictory the situation is in this country.

On the surface, the bloody incident in October seemed to be the result of the white-hot dispute on power distribution between the parliament and the president. In essence, it reflected the profound and irreconcilable differences existing in the society in general regarding economic reform, the state political system and the state foreign policy.

Although the use of armed force brought an end to the "dual political power," it cannot in any way resolve the piled-up social problems.

The December 12 referendum and the results of the ensuing parliamentary elections indicated that while Yeltsin's supporters, the so-called "reformers," have been somewhat weakened due to the surfacing of their internal bickering, the opposition has gained some strength, and the resentment among the people is growing.

President Yeltsin himself admitted that "people have to a large extent lost their forbearance."

The new state constitution, designed to affirm presidential rule, has been adopted, but the supporting rate of the voters for the president has declined from 42.7 percent of the registered voters in the presidential election in June 1991, to the 37.7 percent in the April national referendum and further down to a mere 30 percent in the vote on the new constitution.

Although a new parliament has emerged, it is not at all the one the president hoped for. In the race for seats in the State Duma among various political parties, the Liberal Democrats led by Vladimir Zhirinovskiy obtained 22.79 percent of the votes, while the so-called "presidential party," "Russia's Choice," garnered a mere

15.38 percent. Noteworthy is the fact that as many as one third of military servicemen reportedly supported the Liberal Democrats.

The parliamentary election results showed that the three opposition parties—the Russian Communist Party, the Agrarian Party and the Liberal Democratic Party—reaped a total of 43.04 percent of the votes, while the three factions of the ruling “democratic reformers” won only 29.97 percent. People might differ over the reasons for the defeat of the reformers, but one can hardly deny the fact that the election results represented an objective reaction of the voters to the existing internal and external policies.

First, the majority of voters are not in favor of the radical economic reform, the “shock therapy,” in the April referendum, 50.2 percent of the voters backed the president and the government’s reform policy. But in the December parliamentary elections, only 15.38 percent of the voters sided with “Russia’s Choice” led by Yegor Gaydar, a typical representative of the radical reformers, and backed by President Yeltsin.

Second, following the collapse of the former Soviet Union over two years ago, Russia has pursued a foreign policy of “assimilating to Western civilized society” and “returning to Europe,” which many Russians accuse of having resulted in “loss of national dignity” and “damage to national interests.”

Calls for an independent foreign policy in relations with the West are growing in Russia and this helped the Liberal Democrats pick up a considerable number of additional votes in the parliamentary elections as they explicitly pointed to the urgent need to safeguard Russia’s national interests.

Third, the psychological impact the bloody October incident had on the Russians and the varied attitudes of the people toward the incident were also accordingly reflected in the results of the elections.

On how the situation in Russia will develop in the future, the pro-government newspaper, “IZVESTIYA,” on December 22, had this to say, “The post-election political reality is more worrying than the passage of the new constitution.” The “ROSSIYSKIYE VESTI” added on December 24 that the election results “have virtually crushed the illusion about the possible alleviation of Russia’s political tension,” and “serve as the basis for prediction of confrontation between the new parliament and the executive branch of the state power.”

In face of the post-election new situation, President Yeltsin has pledged to stabilize the situation in general, promote reform, carry out partial readjustment and make changes accordingly in organization and in personnel. Meanwhile, he has also expressed his readiness to cooperate with all the parties that have been elected into the parliament within the framework of the new constitution.

Observers here predict complicated and delicate relations between the president and the new parliament in the new year. It is widely believed that the key to stability in the country lies in a substantial improvement of the economy—the emergence of a realistic government economic policy, the restoration and development of production and an early apparent improvement in people’s life.

Detente, Turbulence ‘Still Exist’

OW0101152794 Beijing XINHUA Domestic Service in Chinese 0745 GMT 31 Dec 93

["Yearenders" by XINHUA reporter Rui Yingjie (5360 5391 2618): "Complicated, Frequently Changing World"]

[Text] Beijing, 31 Dec (XINHUA)—As 1993 has passed by, mankind is one more step closer to the threshold of the 21st century.

In the second year after the end of the bipolar structure, the countries of the world are facing even fiercer competition in the advance toward the 21st century. A complicated situation has taken shape as this competition has unfolded in the process in which various forces of the world are realigning and regrouping and are striving to grab favorable strategic positions for themselves. However, taking an overall view of the world’s situation and international relations, both detente and turbulence still exist in the world.

In 1993, global detente has continued and developed to some extent in the following ways:

First, the big nations, especially the big powers, are formulating or enforcing the strategy of “economic priority,” and a tendency toward international economic regionalization and economic blocs has come to take shape distinctly. The U.S. Clinton administration, after it was formed early this year, first mapped out “a plan to revitalize the U.S. economy,” and in a strong belief that the possibility of a world war is decreasing, it shifted its defensive emphasis “from preparations for nuclear war to tackling regional wars.” Meanwhile, the integrated European Common Market was officially inaugurated at the beginning of this year; the North American Free Trade Agreement was ratified at the end of this year; the informal leadership conference of the Asia-Pacific Economic Cooperation organization was convened; and various regional economic organizations among Asian, African, and Latin American countries were formed and consolidated.

Second, more importance has been attached to coordination and dialogue in international relations. The Chinese and U.S. presidents had their first formal talks in more than four years, while the Uruguay Round of the GATT multilateral negotiations, which had dragged on for seven years, eventually reached an agreement in December. All this indicates the desire for and capability of coordination between concerned parties. In 1993, a

major breakthrough was achieved in solving the Middle East, South African, and Cambodian issues—the three hot spots whose problems had remained unsolved for a long time. The people's yearning for peace and hatred of war have prompted many troubled areas of the world to seek political solutions instead of military confrontation.

Third, international arms reductions and arms control have made some new progress. The United States and Russia formally signed the second stage of START—the START II Treaty—and 115 nations including the United States, China, and Russia signed the convention banning the use, production, and stockpiling of chemical weapons. The United Nations began to implement the agreement on transparency in armaments which was passed in 1991. Although problems remain regarding the implementation of the agreement and the convention, the moves are conducive to detente. Besides, the world's total spending on the military in 1993 decreased for the sixth successive year, and the decline in this spending is continuing.

On the other hand, the world of 1993 has been plagued with contradictions, wars, and conflicts. Regional disputes, collisions, and unrest have been on the rise and have combined to form interference that kept pounding at the international environment, thus creating an unstable world. This can be seen in the following manifestations: The contradiction overshadowed by the struggle for hegemony between the two superpowers in the past came to light further; frictions were frequently triggered by new changes in the political, economic, and military forces in the world after the end of the bipolar structure; economic recessions affecting the Western powers, except in the United States, Canada, and Britain, have not ended, and the contradictions among them have increased to some extent; some members of the CIS are still struggling in crises, as highlighted by the situation in Russia; quite a number of countries failed to do a good job of adjusting their national policies, thus leading to the downfall of governments, to social unrest, and to armed conflicts; and there are many hot spots of various degrees in the world which cause military unrest in several countries. Some big Western nations have resorted to power politics abroad, which has angered lots of developing nations. In the field of economic competition, the inferior situation in the South is becoming more obvious, and the gap between the South and the North is widening.

The principal factors causing regional turbulence and unrest are the shock wave stemming from the end of the bipolar structure, the U.S. attempt to dominate the world, and the ever-fiercer economic competition throughout the globe.

—The end of the bipolar structure has shaken the traditional alliance formed by Western countries and maintained by their joint efforts in dealing with the Soviet Union; the contradictions between them have been sharpened. The United States and Europe have become divergent and have quarreled over the trade

issue, aid to Russia, Somalia and Bosnia-Herzegovina, bombing raids on Iraq, and the trade embargo against Cuba. The feelings of "Cold War victory" in the West have been replaced by unbearable endless worries. NATO's plan to recruit East European members has met with setbacks and boycotts. Meanwhile, an "earthquake belt" has emerged from the Balkans through the outer Caucasus to Central Asia. Turbulence and uneasiness have arisen in Europe, a continent which has remained stable for a long time.

—President Clinton has emphasized: "The United States must lead the world, for which we have to pay much." [sentence as received] In an attempt to dominate the world, this year the United States has decided on its "three pillars" foreign policy (economic security, military backing, and support for democracy and freedom). While scaling down the size of its armed forces, the United States is heightening the mobility and casualty-inflicting power of its armed forces and is meddling in conflicts elsewhere in the world. Wielding the "human rights" club, it is attempting to place the rich and colorful world under the rule of Western values. This has led to contradictions and confrontation.

In economic competition, although there have been efforts to strengthen economic cooperation and to promote balanced benefits, the rise of "priority for national interests" and trade protectionism has triggered more and more contradictions. No matter how we look at it, this competition is unfair because "the poorer you get the more losses you suffer." It has become the major factor leading to the world's instability.

Judging from the current situation, the unrest in some parts of the world will not bring disaster to the entire world. The coexistence of detente and turbulence and of collision and coordination will continue in the years to come. The world will surge ahead in the midst of contradictions and struggles.

'Roundup' on U.S.-DPRK Nuclear Issue Dialogue
OW0101020494 Beijing XINHUA Domestic Service in Chinese 0731 GMT 31 Dec 93

["Roundup" by XINHUA reporter Gao Haorong (7559 3185 2837): "Korean-U.S. Dialogue Initially Breaks a Deadlock"]

[Text] Pyongyang, 31 Dec (XINHUA)—A DPRK Foreign Ministry spokesman announced on 30 December that the Pyongyang and Washington work delegations had made progress in talks conducted in New York on 29 December. Both sides agreed: The United States will stop conducting the annual "Team Spirit" joint military exercise with the ROK; in return, the DPRK will accept the nuclear inspections necessary to guarantee the continuity of the nuclear safety agreement. Both sides also agreed to hold a third round of talks between high-level officials on the basis of this agreement.

The progress is important and is catching the attention of the world. As everyone knows, the Korean Peninsula is a hot spot followed with interest by the world. Revolving around the nuclear issue, all parties concerned have gone through the three stages of confrontation, dialogue, and deadlock over the past year.

The confrontation stage was largely manifested in a resolution adopted by the International Atomic Energy Agency [IAEA] in February on the need to conduct "special inspections" of the DPRK's nuclear facilities, and in the latter's decision in March to withdraw from the Nuclear Nonproliferation Treaty and declare a "state of quasi-wartime nationwide" against the "Team Spirit" joint military exercise held by the United States. Later, in May, the DPRK announced it had rejected a resolution by the UN Security Council, saying that the imposition of sanctions against it would be regarded as a "declaration of war."

The most conspicuous point of the dialogue stage was the start of talks between the U.S. and the DPRK. In June and July, Pyongyang and Washington held two rounds of talks between high-level officials aimed at resolving the nuclear issue, and some progress was made. The two sides issued a joint statement. DPRK renounced its decision to temporarily withdraw from the Nuclear Nonproliferation Treaty temporarily.

The deadlock stage was exemplified by the fruitless consultation between the DPRK and the IAEA in early September, and in the interruption of contact between its work delegation and the ROK's aimed at dispatching special envoys to each other's countries.

The DPRK has always maintained that the nuclear issue in the Korean peninsula must be resolved through bilateral talks with the U.S. and that sanctions and other pressure would only serve to make the situation more complicated and tense. Though the United States sometimes talked tough, declaring that it would impose an "oil embargo," "economic sanctions," and so forth against the DPRK, it never gave up efforts to find a peaceful solution to the nuclear issue and maintained official contacts with the DPRK. The 18th contact between the DPRK and U.S. work delegations finally achieved progress on the eve of the New Year. The DPRK said the progress finally enabled the talks to "enter a normal orbit once again and was a matter for rejoicing" [ling ren gan dao qing xing 0109 0086 1949 0451 1987 1630].

Daily on DPRK Foreign Minister, Butrus-Ghali Remarks

HK3112030493 Beijing RENMIN RIBAO in Chinese
26 Dec 93 p 6

[By reporter Zhou Bizhong (0719 1801 1813): "Kim Yong-nam Says Signing of Peace Agreement Is Demand of Times"]

[Text] Pyongyang, 25 Dec (XINHUA)—On 24 December, Kim Yong-nam, vice premier and foreign minister of the DPRK State Administration Council, arranged a banquet here in honor of Mr Butrus Butrus-Ghali, secretary general of the United Nations, and his entourage.

In his speech, Kim Yong-nam mentioned the relationship between Korea and the United Nations, and said: The United Nations should adopt concrete measures to replace the truce agreement with a peace agreement; this has become the demand of the times that brooks no delay. Only such practice can be commensurate with the new situation in which Korea has become a member of the United Nations, and only thus can contributions be made to guaranteeing peace and security in the Northeast Asian region. He once again stressed the DPRK position on reunifying the country in the form of the federal system.

Kim Yong-nam reiterated that peacefully resolving the nuclear problem on the Korean Peninsula by means of dialogue and consultations is Korea's constant position. He said: However, if the United States disregards Korea's sincerity and continues to pursue a hostile policy toward Korea and follow the course of exerting pressure, then Korea will have no alternative but to adopt resolute measures for safeguarding its state sovereignty.

In his speech, Butrus-Ghali said: "I sincerely hope that the DPRK and the ROK will have a one-seat representative in the United Nations." He said: Realizing permanent peace on the Korean peninsula in place of the truce agreement signed in 1953 is an important matter of concern to the international community. If such peace is realized on the Korean peninsula, the United Nations will disband the "UN Force Headquarters" on the Korean peninsula.

Butrus-Ghali finally said that he believed the DPRK Government and people will make positive contributions to international cooperation through the United Nations.

Qian Qichen To Visit Several Nations

OW0301094294 Beijing XINHUA in English 0904
GMT 3 Jan 94

[Text] Beijing, January 3 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen will pay a goodwill visit to Ethiopia, Eritrea, the Sudan, Kenya, Madagascar and Mauritius, the spokesman of the Chinese Foreign Ministry announced here today.

Qian will visit the above-mentioned countries at the invitation of their foreign ministers from January 11 to 21, 1994, according to the spokesman.

China enjoys traditional friendship with the six countries, the spokesman said. He revealed that during the visit, Qian will exchange views with leaders of the six

countries on issues of common interest, such as global situation, African matters and bilateral relations.

The spokesman expressed his belief that Qian's coming visit to Africa will further deepen mutual understanding and friendship and contribute to the in-depth development of the friendly relations and cooperation between China and Africa.

Wen Jiabao, Liu Huaqing Overseas Visits Announced

OW0201093294 Beijing XINHUA Domestic Service in Chinese 0701 GMT 31 Dec 93

[Excerpts] Following is the weekly international news program preview for 2-8 January 1994:

Wen Jiabao, alternate member of the Political Bureau of the CPC Central Committee and member of the Secretariat of the CPC Central Committee, will lead a CPC delegation to visit India and Bangladesh 5-16 January 1994. [passage omitted]

General Liu Huaqing, vice chairman of the Central Military Commission, will make a formal and friendly visit to the Kingdom of Thailand and the Republic of Indonesia 6-19 January. [passage omitted]

United States & Canada

Jiang's U.S. Meeting Called 'Major Breakthrough'

OW3012135393 Beijing XINHUA Domestic Service in Chinese 1003 GMT 30 Dec 93

[Text] Washington, 29 Dec (XINHUA)—As 1994 is drawing near, Li Daoyu, Chinese ambassador to the United States, held a New Year's reception for prominent figures from local Chinese intellectual circles at the Chinese embassy on 29 December. He briefed them on the remarkable achievements scored by China in various fields in 1993.

Li Daoyu said: China's economic development has attracted international attention. NEWSWEEK, an authoritative U.S. newsmagazine, calls 1993 the "Year of China." The Associated Press calls China the "star" of the 1993 world economy and exclaims: "A peaceful, stable, prosperous, and developing China is rising rapidly in the East."

Speaking on Sino-U.S. relations, Li Daoyu said: At the invitation of President Clinton, President Jiang Zemin met with him in Seattle in November, marking the first official meeting of the two countries' heads of state in more than four years. It was a major breakthrough [zhong da de tu po 6850 1129 4104 4499 4275], as well as a new and good beginning [xin de, liang hao de kai duan 2450 4104, 5328 1170 4104 7030 4551] for improving and developing Sino-U.S. relations; it had a positive, major, and far-reaching impact on the overall international situation. He said: "We expect China and

the United States will capitalize on the good momentum generated by the meeting of their heads of state and seize this historic opportunity to further conduct dialogue on an equal footing, and promote the further improvement and development of relations between the two countries."

Li Daoyu also expressed his gratitude to people in Chinese communities in the United States for their positive role over the years in helping the motherland's construction and in developing Sino-U.S. relations.

Li Lanqing Receives U.S. Senator, Visitors

OW3112114893 Beijing XINHUA in English 1129 GMT 31 Dec 93

[Text] Beijing, December 31 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with U.S. Foremost Group's Chairman and Chief Executive Officer James Si-cheng Chao and his wife Ruth Mu-lan Chao.

U.S. Senator Mitchell McConnell and his wife Elaine L. Chao, president of the United Way of America, were also present at the meeting.

The guests arrived here Wednesday [29 December] at the invitation of the China State Shipbuilding Corporation.

Agreement To Set Up U.S. Consulate in Tibet

HK0301050494 Hong Kong LIEN HO PAO in Chinese 2 Jan 94 p 2

[By reporter Sun Chung-ying (1327 0022 5391) from Taipei: "Beijing Makes Concessions on Human Rights Issue; United States To Set Up Consulate in Tibet"]

[Text] The U.S. Government reportedly reached an agreement with the Beijing authorities last October on setting up a U.S. consulate in Tibet. It is expected that the U.S. consulate in Tibet will be set up within six months.

It is said that this action by the U.S. Government has a strong political implication because there are only a very small number of Americans in Tibet and the U.S. Consulate in Sichuan's Chengdu has more than sufficient capacity to handle affairs in Tibet. Therefore, the U.S.-Chinese consular agreement on 16 October 1993 not only indicated the further improvement of bilateral relations but may also be regarded as Beijing's concession to U.S. human rights diplomacy.

Moreover, after the two sides reached the consular agreement, Beijing took the initiative in expressing goodwill by returning the remains of American military personnel killed in Tibet during World War II.

Central Eurasia**Visa Agreement Signed With Russia***OW3012032293 Beijing XINHUA in English 0207 GMT 30 Dec 93*

[Text] Moscow, December 29 (XINHUA)—Russia and China reached an agreement here today on the mutual exemption of visas on diplomatic and service passports for their citizens.

Under the accord, diplomatic passports and service passports of both Russian and Chinese citizens are mutually exempted from entrance, exit and transit visas. Young people under age who share one diplomatic or service passport with their parents are also exempted from visas.

The agreement also provided that ordinary passports must be visaed.

The pact, signed by Russian Deputy Foreign Minister Boris Pastukhov and Chinese ambassador to Russia Wang Jinqing, will come into effect on January 30. Immediately afterwards, the 1988 agreement on the matter between the former Soviet Union and China will become invalid.

After the signing of the accord, Pastukhov and Wang expressed the view that the agreement will make it easier for citizens of the two countries to visit each other.

Azerbaijan Foreign Minister To Visit 4-7 Jan*OW0201094294 Beijing XINHUA Domestic Service in Chinese 0802 GMT 29 Dec 93*

[Excerpts] Beijing, 29 Dec (XINHUA)—A Foreign Ministry spokesman made the following announcement here today: [passage omitted]

The same spokesman announced that at the invitation of Qian Qichen, vice premier of the State Council and foreign minister of the People's Republic of China, the Foreign Minister of the Republic of Azerbaijan, Gasan Gasanov, will make a formal visit to China from 4-7 January 1994.

Northeast Asia**DPRK Vice Premier Stresses Bilateral Friendship***OW2912090793 Beijing XINHUA Domestic Service in Chinese 1439 GMT 28 Dec 93*

[By reporter Gao Haorong (7559 3185 2837)]

[Text] Pyongyang, 28 Dec (XINHUA)—Kim Yong-nam, DPRK vice premier and minister of foreign affairs, stressed today that the people of Korea and China should jointly strive to develop the Korean-Chinese friendship established by the two countries' leaders.

Speaking at a new year reception hosted by Qiao Zonghuai, Chinese ambassador to the DPRK, Kim Yong-nam said: On the occasion when the Chinese people are solemnly marking the birth centenary of Comrade Mao Zedong, the Korean people also deeply cherish the memory of Comrade Mao Zedong with a feeling of reverence. During his lifetime, Comrade Mao Zedong and Comrade Kim Il-sung established a profound friendship between them and made a special contribution to enhance Korean-Chinese friendship.

He said: The current complex situation calls for further consolidation and development of the traditional Korean-Chinese friendship personally cemented by the two countries' leaders. Through the joint efforts of the two parties, the nations, and the people of the two countries, the friendship between the DPRK and China will surely be strengthened and developed.

In his speech, Qiao Zonghuai said: The traditional friendly and cooperative ties between China and the DPRK are being further enhanced under the loving care of the countries' leaders. The exchanges and cooperation in economic, cultural, and other areas between the two countries continue to expand, and new achievements are continuously being achieved. This demonstrates that Sino-Korean friendship is full of vitality.

Near East & South Asia**Bhutto Returns To Pakistan Following Visit***OW3112033793 Beijing XINHUA in English 0320 GMT 31 Dec 93*

[Text] Islamabad, December 31 (XINHUA)—Pakistan Prime Minister Benazir Bhutto returned here early Friday [31 December] from Pyongyang after a four-day official visit to China and Democratic People's Republic of Korea (DPRK).

She was received at the Islamabad Airport by Pakistan high ranking officials and diplomats from China and DPRK.

Besides her husband Asif Ali Zardari, she was accompanied by Foreign Minister Sardar Asif Ahmad Ali, Defence Minister Aftab Shaban Mirani (as received), Minister of State for Commerce Ahmed Mukhtar (as received), and other senior officials.

During her visit to China and DPRK, Benazir held talks separately with Chinese and DPRK leaders on bilateral, regional and international issues.

Pakistan and China also signed five accords on cooperation and trade.

India Cites Improved Relations With PRC

OW3012133593 Beijing XINHUA in English 1200
GMT 30 Dec 93

[Text] New Delhi, December 30 (XINHUA)—The strengthening of relations with China and the European union was regarded as successes of India's foreign policy during 1993.

Speaking to reporters here today, External Affairs Minister Dinesh Singh also said that the foreign secretarial-level talks with Pakistan from January 1-3 next year would pave the way for political dialog between the foreign ministers and prime ministers of the two countries.

He said that problems with Pakistan could be settled only bilaterally without foreign intervention.

Henan Firm Repairs Nepal's Largest Hydropower Project

OW3012164993 Beijing XINHUA in English 1626
GMT 30 Dec 93

[Text] Kulekhani, Central Nepal, December 30 (XINHUA)—The flood-damaged no. 1 and no. 2 stations of the Kulekhani Hydropower Project were recommissioned here today after being repaired by a Chinese Company.

The repairing, which took less than four months, was undertaken by the Henan branch of the China International Water and Electric Corporation (CWE) with a loan of 2.13 million U.S. dollars provided by the Japanese Government for the restoration.

A grand ceremony for recommissioning of the power stations was held here this afternoon.

Expressing his thanks at the ceremony for the help extended by China and Japan, Nepali Congress Supremo Ganesh Man Singh [spelling of name, title as received] said that "it's really unbelievable that the project should be finished in such a short period with excellent quality."

Water Resources State Minister Laxman Prasad Ghimire said that "the success of the restoration is mainly due to good management by CWE and the Japanese side."

The Kulekhani Hydropower Project was forced to close down after the penstock pipe of the no. 1 station and water supply equipments of no. 2 station were damaged by heavy floods caused by incessant monsoon rains in July this year.

The Kulekhani project's two stations provide 100 megawatts of the country's total annual capacity of power supply of 280 megawatts. So its recommissioning would help reduce the load-shedding practised in Kathmandu Valley.

Guangdong To Manage Sri Lankan Sugar Factory

OW3012161193 Beijing XINHUA in English 1444
GMT 30 Dec 93

[Text] Colombo, December 30 (XINHUA)—China's Guangdong International Economic and Technological Cooperation Company today took over the management of the Palwat Sugar Factory, one of the biggest sugar producers in Sri Lanka.

According to the contract signed by the two sides today in Colombo, the management of the sugar factory with an annual production of 4,600 tons will be undertaken by 16 Chinese managers and experts.

The signing ceremony was attended by Sri Lankan Minister of Plantations Rupa Karunatilake, Agricultural Minister R.M. Dharmadasa Banda and Chinese Ambassador Zhang Chengli.

The factory, set up in the southeastern Uva Province in 1986, had been managed by a British company which has come under attack by local people and press reports for environmental reasons before the Chinese take-over, the first of its kind in economic cooperation between Sri Lanka and China.

Cargo Container Wagons Pass Trial Use in Bangladesh

OW0201112294 Beijing XINHUA in English 1035
GMT 2 Jan 94

[Text] Dhaka, January 2 (XINHUA)—Eighty cargo container railway wagons imported from China have been proved "okay" in experimental operations after they arrived in Bangladesh last month.

The wagons, the first of its kind ever bought from China by this South Asian country, were manufactured by the Beijing February 7th rollingstock works, according to Wang Yanping, marketing manager of the works.

The factory, a major wagons builder in China, has adopted international standards in manufacturing these wagons valued more than 2 million U.S. dollars, Wang said.

Local officials in charge of the matter said that the introduction of the wagons will largely strengthen local railways' cargo transporting capacity.

Bangladesh, suffering from traffic jams everywhere, is eager to improve its railway network, and many foreign companies including some from China are competing one another to enter the potential market.

Besides cargo wagons, Bangladesh needs to import more locomotives and passenger compartments.

Latin America & Caribbean

Cuban Communist Party Holds 4th Plenary Session

OW2412010393 Beijing XINHUA in English 0049
GMT 24 Dec 93

[Text] Havana, December 23 (XINHUA)—The Cuban Communist Party Central Committee (CCPCC) held its 4th plenary session on December 20, under the chairmanship of its First Secretary Fidel Castro, the party official newspaper "GRANMA" reported today.

The year 1993 was evaluated by the CCPCC as the most difficult in the revolution.

The Central Committee believed that it is necessary to evaluate correctly the required measures related to the creation of basic units of cooperative production, the legalization of possessing foreign currency and the opening up to certain foreign capital investments.

Among the problems is the need for each institution to work systematically to reduce its budget and to increase efficiency in the use of resources.

The plenary session also discussed the need to reduce the excess money in circulation.

Sino-Latin American Trade Sees 'Strong Momentum'

OW3112141293 Beijing XINHUA in English 1257
GMT 31 Dec 93

[Text] Beijing, December 31 (XINHUA)—The volume of Sino-Latin American trade is predicted to top 3.4 billion U.S. dollars this year.

That is 400 million U.S. dollars more than in 1992, resulting from stable bilateral relations and complementary economies. It shows a strong momentum for the two sides' trade and economic cooperation.

Ministry of Foreign Trade and Economic Cooperation (MOFTEC) figures show that in the first ten months of this year, this trade volume reached 2.8 billion U.S. dollars.

"Latin America, among China's trade partners, has jumped from no. 5 to no. 4, following Asia, Europe and North America," said Wang Zhiqian, a MOFTEC official responsible for trade with Latin America.

Wang attributed the thriving trade mainly to the frequent summit contacts between China and Latin American countries.

Chinese President Jiang Zemin toured Cuba and Brazil in November and the presidents of Uruguay, Dominica, Guyana and Mexico visited China one after the other.

"The visits have offered a favorable environment for the further expansion of Sino-Latin American trade," Wang said.

During the visits, agreements were reached in the fields of economy, trade, investment, and scientific and technological cooperation. Some of the Latin American countries are negotiating with China for accords on scrapping double tariffs.

"A sound legal foundation has been laid for the growth of Sino-American trade," Wang said.

China has been a traditional importer of Latin America's major exports, such as copper, iron ore, steel, petrochemicals, paper pulp, timber, wool, grain and leather.

China's exports to these countries have been commodities of choice because of their good quality and reasonable price.

"We have shipped more machinery and electronic products to Latin America. They are leading items next only to light industrial goods among all China's exports to that region in 1993," he said.

As China is vigorously developing its economy and looming as a huge market, it welcomes Latin American businesses to invest and produce here with their technology and resources," Wang said.

China has established over 80 joint ventures and enterprises with exclusive Chinese financing in 17 Latin American countries.

On the possible effect of the North America Free Trade Agreement (NAFTA) on Sino-Latin American trade relations, Wang held that the competition will be fiercer on the American market for labor-intensive products, as the United States will shift its labor-intensive industries, such as textiles, garment-making and shoe-making industries, to Mexico to take advantage of the cheap labor and resources there.

However, China will be given more opportunities of trade and economic cooperation when the economies of Mexico and other Latin American countries are spurred in the wake of the NAFTA implementation.

Political & Social

RENMIN RIBAO Runs New Year Day's Editorial

CM0301184594 Beijing RENMIN RIBAO in Chinese
1 Jan 94 p 1

[Editorial: "Work Hard To Create More Brilliant Achievements—New Year Message"]

[Text] The sailing ship of the times is riding the wind and cleaving the waves. The great motherland is ushering in 1994, a year with plenty of struggles and plenty of hope.

With deep feelings, we are extending New Year congratulations to the people of all nationalities of the country; to our compatriots in Taiwan, Hong Kong, and Macao; and to compatriots living abroad.

In the year which has just gone by, the entire party and the people of all nationalities throughout the country—continuing to firmly and resolutely implement the guidelines of the important talks made by Comrade Deng Xiaoping during his south China tour and those set by the 14th CPC National Congress—have seized the opportunities and deepened reform, thus making an important stride toward establishing a socialist market economic structure. Throughout the country there is a bumper harvest, industry grew, foreign trade was active, the market was brisk, and the people's living standards improved further. Taking a broad view of the great motherland, we saw the economy develop rapidly; social and political stability was achieved; unity and harmony among nationalities was achieved; and new progress was made in various fields of undertakings, all of which presented a scene of vitality and vigor. Initial results were achieved in the fight against corruption. The building of a spiritual civilization was constantly strengthened. Marked results were achieved in diplomatic work. Successful visits to foreign countries by Jiang Zemin and other party and state leaders enhanced China's friendship with the governments and peoples of various countries and created a more favorable international environment for China's modernization construction. These achievements have further enhanced the prestige of the party and the government, the prestige of our people's republic, and the prestige of socialism in China; they have strengthened the confidence of the people across the country in advancing victoriously along the road of building socialism with Chinese characteristics.

The year 1994 will be a crucial year for us to advance on the crest of victories to accelerate reforms and development. In the new year, we must implement in an all-round manner the guidelines of the 14th CPC National Congress and of the Third Plenary Session of the 14th CPC Central Committee; while focusing on the central task of economic construction, we must advance the socialist market economy, socialist democratic politics, and the building of a socialist spiritual civilization. This year we should accelerate the pace of building a socialist

market economic structure and open wider to the outside world. Party and government leaders at all levels must make meticulous arrangements for implementing the plans of the central authorities. In the process of reform, it is necessary to earnestly grasp two important matters. First, it is necessary to strengthen the position of agriculture as the foundation of the national economy in order to ensure the steady growth of agriculture and the rural economy as a whole. Second, it is necessary to improve state-owned large and medium enterprises as well as increase their vitality in order to enable them to play the dominant and leading role in economic development. It is necessary to strengthen and improve macroeconomic control; vigorously adjust the economic structure; and heighten economic results in order to maintain the sustained, rapid, and healthy development of the national economy. This year our tasks of reform and development are very arduous. We should allow reform to promote development and allow development to support reform. The increasingly stronger integration of these two principles is very important to the realization of our objectives by the end of this century.

In order to fulfill the tasks for 1994, we must first make greater efforts to arm all party members, particularly leading cadres at all levels, with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Theory comes from practice, and it also guides practice. Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is a powerful ideological weapon to guide the Chinese people to realize their grand ideal of invigorating the Chinese nation. In the new year, leading cadres at all levels must conscientiously study volume three of the "Selected Works of Deng Xiaoping" to have a more thorough understanding of basic points of view contained in the volume, particularly those on emancipating the mind and seeking truth from facts. They should vigorously promote the revolutionary spirit of exploring new paths and putting forward new ideas which was seen in the past decade or so; they should improve their leadership skills in carrying out reform, opening up, and socialist modernization. We must build a contingent of cadres capable of going deep into the realities of life, maintaining ties with the masses, putting the general interest above all else, and honestly performing their official duties so the vast ranks of party cadres will serve the people wholeheartedly and be good pacesetters in accelerating reform and development.

The interests of the people and their happiness are the starting point and foundation for all our work. Reform and construction are the cause for thousands upon millions of people. As long as we steadfastly rely on the vast number of workers, peasants, intellectuals, and cadres at various levels; mobilize all positive factors; and unite with all forces which can be united with, then there will be no difficulties which cannot be surmounted. In the new year we must carry forward in a better manner the fine tradition of maintaining close ties with the masses and do a good job in guiding, protecting, and utilizing their zeal for reform and construction. When

new reform measures are introduced, we must do a good job in publicizing and explaining them. We must pay attention to methods of work and be good at analyzing and handling various kinds of contradictions arising within the people under the new circumstances. We must always care for the people, do everything within our power to protect their interests, and do more practical things for them so their living standards and initiative will keep rising.

Acceleration of reform and construction represents a grand and complex feat of social systems engineering. We must be good at grasping and applying Marxist materialist dialectics; we must correctly understand and handle various evolving relationships, especially those between reform, economic growth, and stability as well as between local and national interests. Reform and development furnish a solid foundation for social and political stability, while the latter in turn provide a major guarantee for the former. As reform and opening up increase the pace, we must firmly bear in mind Comrade Deng Xiaoping's important idea that "stability is of overriding importance," persist in the policy of attaching equal importance to both the material and spiritual civilizations, and be careful not to emphasize one and neglect the other. While continuing to increase the establishment of a socialist democracy and legal system, as well as the socialist spiritual civilization, we must constantly consolidate and promote a political situation marked by stability and unity. As reform deepens by the day, it is even more important to take the overall situation into account and properly handle the relationship between local and national interests. In a large country like ours where conditions vary in a thousand ways from region to region, difficulties and contradictions are multitudinous. It is not easy to run such a country well, and we must depend on the entire nation and the entire party to work together with one heart. This is also one of our major advantages. In thinking over a problem or in undertaking work, leading comrades of all localities and departments must take the overall situation into account and conscientiously subject local interests to national ones.

The future of our motherland is splendid; the sons and daughters of the Chinese nation have heavy responsibilities on their shoulders. The new year beckons us to create more brilliant successes. The entire party and the entire nation must unite more closely under the leadership of the Central Committee with Comrade Jiang Zemin at the core; must uphold Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line; and must work hard with a pioneering spirit of the new period so as to achieve new progress and greater success.

Jiang Zemin Addresses CPPCC New Year Party
CM0301182494 Beijing RENMIN RIBAO in Chinese
2 Jan 94 p 1

["Speech by PRC President Jiang Zemin at the New Year Tea Party of the National Committee of the Chinese People's Political Consultative Conference, CPPCC, on 1 January in Beijing"]

[Text] Beijing, 1 Jan (XINHUA)—Comrades, friends:

Today we have happily gathered here together to have a New Year tea party. On behalf of the CPC Central Committee, the State Council, and the Central Military Commission, I hereby extend my cordial regards and high respects to all of you, to all democratic parties and patriots without party affiliation, and to workers, peasants, intellectuals, cadres, commanders and fighters of the People's Liberation Army, armed police officers and men, and public security cadres and policemen of all nationalities across the country. I hereby also extend my sincere festival greetings and good wishes to Taiwan compatriots, Hong Kong and Macao compatriots, our countrymen living abroad, and our international friends who have shown concern for and given support and assistance to China's modernization drive.

The year 1993 was a year in which, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we continued to win victories by grasping the opportunity to deepen reform and to develop the economy rapidly and in a healthy manner. It was also a year in which we made a major stride toward the goal set by the 14th CPC National Congress of building a socialist market economic system. China has maintained social and political stability, our economy has developed rapidly, people of all nationalities have worked in unison, and new progress has been made in our endeavors in all spheres. Last year, we continued to reap bumper agricultural harvests, our industrial production grew rapidly, the domestic market was brisk, our foreign trade was active, and our people's livelihood continued to improve. We won new diplomatic victories, and China's international influential power grew further. All these encourage us to usher in the new year with full confidence.

The year 1994 will be a very crucial year for our reform, opening up, and modernization. All party members and people of all nationalities across the country should more closely unite, work industriously, adhere to and carry out the guidelines of the 14th CPC National Congress and of the Third Plenary Session of the 14th CPC Central Committee, and, closely revolving around the central task of economic construction, go all-out to push forward our socialist market economy, socialist democracy, and socialist spiritual civilization.

In the new year, the nucleus of our efforts to deepen reform is to meticulously organize and implement a series of major reform measures designed to build a socialist market economic system. Due to the arduousness and comprehensiveness of the task, many new situations, problems, or even difficulties are bound to arise. Therefore, we must make thorough preparations beforehand, decide the best time to initiate each reform measure, carefully observe the progress we make, sum up experience in a timely manner, and ensure that our work is successful. We should continue to bring up new ideas

of economic development, strengthen and improve macroregulation and control, and apply ourselves to restructuring the economy, to truly bring about a coexistence between speedy development and an improvement in economic efficiency. In carrying out the new year's economic work, we not only should make new major progress in economic reform, but we also should strive to make new progress in increasing our agricultural development potential, in increasing peasants' income, in transforming state-owned enterprises' operating mechanisms, in increasing these enterprises' vitality, in increasing the quality of enterprises' economic management, in assuring good order in our economic activities in all sectors, and in further broadening the scope of opening up to the outside world, so that we ensure that our economy develops rapidly and in a sustained and healthy manner.

In the new year, one of our important tasks in developing socialist democratic politics is safeguarding and developing unity and political stability by relying on and uniting the people, so as to continue providing good social and political conditions for reforms and development. Leading comrades at all levels must bear in mind Comrade Xiaoping's important thinking that "stability is the overwhelming priority"; must correctly understand and handle the dialectical relationship between reform, development, and stability; and must correctly understand and handle the two types of social contradictions differing in nature. Leaders at all levels must crack down on crime according to the law; they should never be tenderhearted in dealing with crime. At the same time, they should earnestly study the new form of contradictions among the people and the trend of development of such contradictions and pay particular attention to new problems and new contradictions which may be created as a result of the need to further readjust the structure and relationship of interests in the course of deepening reform. Under no circumstances should they be negligent in this regard. From a long-range point of view, the development of the economy and the deepening of reform can further rationalize the various patterns and relationships of interests and lead to the objective of common prosperity for all people. However, in the course of reform it will be difficult to avoid certain degrees of gaps in benefits received by the people. Leading comrades at all levels must be good at analyzing and handling all types of contradictions among the people; they must do their ideological-political work and other corresponding work among the people meticulously and solidly to make them feel that the party and the government are reasonable and that they are sincere about safeguarding their interests and about caring about their hardships. Thus, the people will truthfully and sincerely support us and actively help us, or coordinate with us, in handling the various types of contradictions and problems. In this way, political stability and unity will continue to consolidate and develop.

In the new year, we must vigorously promote the building of a socialist spiritual civilization and strive for

a breakthrough in achieving the progress of spiritual civilization in the entire society. This is urgently necessary if we are to accelerate reforms and development and bring about all-round progress in society. This also constitutes the urgent demand and common aspiration of the people of all nationalities across the country. In everything we do, we must do so according to the demands and aspirations of the people. Only thus can we gain their trust, and only thus can we gain the initiative and be successful in our work. At no time should we forget this historical truth. Our important strategic policy is to build a material civilization and a spiritual civilization simultaneously in the entire process of embarking on the socialist modernization drive. The more vigorously we develop the socialist market economy, the more truly we should strengthen the building of a spiritual civilization; develop education, science, and culture; arm the people with a correct ideology and ethics; and develop a noble, healthy atmosphere characteristic of our nation, a good social order, and a good social mood. This will provide us with a strong motivation and an important guarantee for building a material civilization, and ensure the all-round development of socialism with Chinese characteristics.

To ensure long-term political stability in China and to make it a prosperous and strong country, we must arm the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. We must adhere to the ideological line of emancipating the mind and seeking truth from facts; strive to strengthen the party ideologically and organizationally; improve its style of work; and consolidate and strengthen the flesh-and-blood ties between the party and the people. The call of the times and the expectations of the people demand that we strengthen the building of party organizations at all levels in the new period and that, in particular, we build a contingent of cadres who are capable of carrying on and developing the party's fine traditions, who are capable of going deep into reality to see how things really are, who advance in a pioneering spirit, who dare to assume responsibility, who take the interest of the whole into account, and who carry out their duties honestly. Cadres at all levels must bear in mind that they should establish contacts with the masses, carry out propaganda among the masses, organize the masses, and unite the masses to work for their own benefit—this is our party's underlying strength and asset, as well as a way for to achieve victories in all areas of our work. We sincerely hope that everyone will give primary consideration in every respect to the interests of the party and the state, will make the masses their base, will discard all kinds of unhealthy practices of bureaucratism and formalism, will make progress in their leading skills and work methods, and will create a new style in wholeheartedly serving the people's interests.

The CPPCC has availed itself of the elite of prominent figures of all democratic parties, prominent figures without party affiliation, and prominent figures from all circles of the country. Over the past year, they earnestly

carried out their responsibility to conduct political consultations and democratic supervision, in accomplishing a great deal of work and making many contributions. Adhering to the principles of "long-term coexistence, mutual supervision, treating each other with all sincerity, and sharing weal and woe," the CPC will continue to strengthen its close cooperation with all democratic parties and patriots without party affiliation, to give better play to the system of multiparty cooperation and political consultation under the CPC's leadership. I hope that each of you will continue to offer your opinions and suggestions for the country's reform and development so that we can combine our efforts to serve the country and the people.

Realizing the great cause of the motherland's reunification is a sacred mission of all Chinese people, as well as an inevitable trend of the development of the Chinese nation. The Chinese Government and people across the country have the confidence, determination, and ability to promote the motherland's reunification according to the principle of "peaceful reunification and one country, two systems." We resolutely oppose any forms of "two Chinas," "one China and one Taiwan," or "one country, two governments"; we resolutely oppose any discussions and actions aimed at promoting "Taiwan independence." We hope that the Taiwan authorities will put national righteousness above everything else and agree to establish direct contacts between the two sides of the strait as soon as possible under the principle of one China, in order to do some practical things to pave the way for the motherland's peaceful reunification. Recently, due to Britain's insistence on its erroneous position, the Sino-British talks on Hong Kong's 1994-95 election arrangements have broken down. As a matter of course, this has been denounced by all Chinese people, including our Hong Kong compatriots. Whatever problems may lie ahead, we will join all patriotic compatriots of all circles of Hong Kong in upholding the "one country, two systems" principle and the principle of the Hong Kong Basic Law; we will not change our determination to restore the exercise of sovereignty over Hong Kong and to preserve Hong Kong's long-term stability and prosperity. We believe that with the common efforts of the Chinese and Portuguese Governments, a steady transition of Macao and a smooth handover of its political power will be ensured.

In the world's current process of the development of multipolarization, China is an important force for preserving world peace and stability. China's development will not pose a threat to any country. We oppose all kinds of hegemony and power politics. In the new year, we, as always, will practice our independent foreign policy of peace, insist on developing friendly and cooperative relations with all countries on the basis of the Five Principles of Peaceful Coexistence, and continue to work actively to build a peaceful, stable, fair, and reasonable new international order.

Comrades and friends, the lofty cause that we have been toiling to achieve is to build China into a strong, democratic, civilized, and modern socialist country, following the path of building socialism with Chinese characteristics. Whatever difficulties and disturbances we might encounter on the way of our expedition, our great cause shall not waver, and the pace of our advance must not slacken. Let us unite together more closely, firmly grasp the historic opportunity, and work hard for the Chinese nation's rejuvenation and the Chinese people's good future.

Deng Xiaoping's December Activities Reported

HK3112092993 Hong Kong CHENG MING in Chinese No 195, 1 Jan 94 pp 6-8

["Notes on a Northern Journey" by staff reporter Lo Ping (5012 0393)]

[Text] Where is Deng Xiaoping?

He did not make an appearance for the recent grass-roots people's congress elections in Beijing. Deng did not appear in the television footage of some big shots casting votes. However, the official news reports said Deng cast his vote.

This was rather mysterious and confusing. So it was rumored that Deng had fallen ill, and he did not come to the polling booth. His vote was cast by other people on his behalf. It was also said that Deng had not contracted any special disease, but was simply getting senile, so his health remained normal. It was even said that Deng left Beijing in the last month of 1993, and the rumor came from some senior officials.

In December 1991, Deng Xiaoping began his inspection tour to the south, and uttered a series of remarks that shocked all quarters.

In December 1993, Deng travelled to the south again, and was said to have spoken many times. The main subject of his talk remained economic reform and he still called for promoting production through reforms. In addition, Deng also emphatically opposed localism and their local assertions for "independence."

There were some detailed reports about Deng's travel to the south:

On the evening of 9 December, accompanied by Yang Dezhong of the CPC Central Committee's General Office, Wu Xiuquan, and Li Desheng, Deng Xiaoping set off on a special train from Beijing's South Railway Station. Jiang Zemin, Liu Huaqing, Ding Guangen, and Wen Jiabao saw him off at the railway station. It was said that strict security measures were taken for the special train, which had eight carriages. One was for Deng Xiaoping, one was used as a conference room, one was a dining place, one for the security personnel, one for the entourage, and two for Yang Dezhong, Wu Xiuquan, and Li Desheng. Another carriage was a spare one.

Before Deng Xiaoping boarded the train, Liu Huaqing, Wen Jiabao, Tao Siju, and Yang Dezhong personally inspected the special train, stopping on a special railway line. One year ago, at a meeting of the Central Security Guard Bureau, Liu Huaqing said: "We must guarantee Comrade Xiaoping's health and safety with a responsible attitude toward the party and the people, and this is your noble duty."

On the early morning of 10 December, Deng Xiaoping arrived at Baimashan Station in Jinan, Shandong, and the train moved to a special line. Deng met with Shandong Province's party and government leaders and the Jinan Military Region's leaders on the train. He mainly talked about several issues.

Deng Xiaoping said: "Reform should be deepened. This is a battle of assaulting heavily fortifications, and is also a revolution. Certain costs will have to be paid for a revolution. I agree that action should be taken as long as a correct judgment is made, and we cannot just wait and see. The conditions will not fall from the heaven, and the God will not endow us with such favorable conditions."

"There is a valuable conclusion in these years. That is, there is no debate inside the party, and our work should not be bothered by theoretical controversy. Thus, we can concentrate our time and energy on fulfilling the central task and properly handle new questions in reform and opening. Some people inside the party were not happy to see that no debate was launched. They are keen to launch debates and polemics. The attitude of the central leadership is firm. That is, no debate is to be started. I think that it is difficult for those who want to start a debate to actually do so."

Deng Xiaoping added: "Now, we should overcome localism and individualism, and should punish those involved in serious cases. The central leadership has repeatedly stressed the need to reinforce the party spirit and the sense of organization and discipline in the course of reform. People must keep the overall interests of the nation in mind and should take the interests of the whole into account."

"I should commend Shanghai, Guangdong, and also Shandong, Sichuan, Beijing, and Liaoning. They have all done a good job."

"Party cadres should have a self-sacrificial spirit, and should give more consideration to the benefit of ordinary people and actually seek more real benefit for them. This is an important point. Whether the reform principles and policies will achieve the expected results will first be tested by practice and will also depend on where the work performances and behavior of our party and government leading cadres are decent and proper."

In his talk, Deng stressed the point of fighting against localism. From the above-quoted remarks, one may see that the main current obstacles to reform and opening first come from the intention of some people to start a debate and secondly from localism. Some local party and

government leaders ignored or even defied the central instructions and orders. Deng warned that those involved in serious cases should be "punished" [yao fan yi fan 6008 0646 0001 0646], and this remark was rather important.

However, Deng also had to appease the local authorities, and required that the Armed Forces give support to local construction. He told the responsible people of the Jinan Military Region: "The Army should fulfill its own central task. In the period of peaceful construction, some troops are rather lazy, weak, and loose. Serious attention must be paid to this problem. The troops are often affected by the environment and the local conditions. So the political and ideological work must not be relaxed. When there are conditions, the Armed Forces should support and help local construction. In recent years, relations between local party organizations and governments on the one side and the military units on the other were rather harmonious, and this is the mainstream. It is still necessary to improve relations between the troops and the civilian people. The local party organizations and governments are also responsible for this, and must not neglect the work in this regard."

From Jinan to Nanjing, Deng Xiaoping once again sternly criticized localism, and blamed some local party and government cadres for disregarding the superior authorities and the central leadership.

On the late evening of 10 December, Deng's special train arrived in Nanjing. On the morning of 11 December, Deng Xiaoping met with party and government leaders of Jiangsu Province and principal party and government leaders of Suzhou, Wuxi, Xuzhou, Lianyungang, Changzhou, Nantong, and Zhenjiang Cities. After listening to the work reports by the provincial and city leaders, Deng said: "Jiangsu Province has good conditions, and should make greater contributions to the state, to other provinces and regions, and to the general public. Greater efforts should be made to advance reform. Now, a favorable factor we have is that the local authorities and the central authorities are striving for the same objective, and the party, the government, and the people are striving for the same objective. However, when achievements have been made, you should guard against complacency, and should not unwittingly pursue localism and individualism. This is not good. The subordinate should obey the superior, individuals should obey the organization, and the whole party should obey the central leadership. Now, in some party and government departments, some cadres disregard the superior authorities and disregard the central leadership. How can they be allowed to behave in this way? If this problem is not rectified, they will commit major mistakes."

Reportedly, after Deng Xiaoping and his entourage stopped over in Nanjing, they went to Nanfang Fountains of the Tai Hu in Wuxi the same afternoon, where there is a holiday resort of the Central Military Commission. Deng Xiaoping stayed in Villa No 2. There are a total of 12 villas in the holiday resort, and there are also

two four-story buildings for holiday-makers. They were built in the spring of 1992. There are doctors and medical experts from the military medical schools in this sanatorium, which serves military cadres at and above the army level or retired cadres at and above the ministerial level. Some central leaders call it the August 1 Sanatorium.

This reporter visited an informed old cadre, and asked him to talk about his feelings about Deng's remarks in his recent travel to the south.

—Deng basically told the truth.

—Deng still insisted on the idea of "pursuing quick development" and "no simply waiting." This showed that he felt that his days were numbered, and this was the mentality of an old man.

—Deng mentioned that "some people are unhappy to see that no debate is launched and they are still keen to start a debate." This referred to the conservatives. These people have become an obstacle to reform. In a briefing circular, the General Office of the State Council recently made public Zhu Rongji's speech at a meeting, and he more clearly mentioned such obstacles. Zhu Rongji said: At present, the whole party is advancing reform, opening, and economic construction under the guidance of Deng Xiaoping's theory about building socialism with Chinese characteristics. This has become an irreversible trend. However, we should note and should be courageous enough to admit that there remains certain resistance. The resistance mainly comes from inside the party, including the outdated and backward idea of sticking to the rigid dogmas that are no longer suited to the development of our society. Practice has proved that this is an erroneous and even harmful idea. The thinking and behavior of some leading comrades also constitute an obstructive force at some times and in some events. This has had a substantial harmful impact on the situation. Obviously, Zhu's remarks were directed at the conservatives.

—Of course, differences not only exist between reformists and conservatives but also between reformists and "radical reformists." For example, on the issue of the central authorities' macrocontrol, Zhu Rongji admitted that there were "different ideas." He said: The central leadership holds that macrocontrol is not only an instant need but also a long-term task. However, another opinion holds that the central authorities' macrocontrol can only be a temporary measure or an urgent means, which is short-term and temporary, in the transition to the market economic structure. People holding the latter opinion fear that permanent macrocontrol may lead to retrogression, that is, the guideline of "taking the planned economy as the mainstay" may be effected in the name of macrocontrol, and the market economy will thus be confined to a limited scope and cannot extend and grow freely.

—On the one hand, Deng admitted the existence of localism to a serious degree. On the other hand, he said that the local authorities and the central authorities shared the same objective. This was obviously self-contradictory. In fact, there are sharp interest conflicts between the localities and the central government. Deng's talk in fact admitted the existence of localism to a serious degree, so it was necessary to overcome it or even "punish" some people. Reportedly, local officials aired resentment at a recent national economic conference, and complained about a series of wrong actions taken by the central authorities. The contradictions between the central authorities and the localities not only find expression in policies and measures, but also in the distribution of tax revenue. Differences also exist over the current anticorruption work. Zhu Rongji himself said: The central leadership holds that the anticorruption work is a long-term task. The current condition of corruption is rather serious. Corruption has seriously harmed economic construction, reform, and opening, and may even directly ruin the people's political power and ruin our party and our cause. Corruption has laid bare the problems and errors in the work of the central authorities. The other opinion holds that corruption is unavoidable in the course of economic development, reform, and opening. Such problems emerge in an endless stream in the high level of the political and business circles of such capitalist countries as Japan and the ROK. The "different opinion" mentioned by Zhu mainly came from local officials. In addition, a third opinion holds that the problem exists in the incorrect line taken by the central leadership, which gave up the inner-party ideological struggle, denied the objective existence of class struggle, and ignored the corrosive influence of Western ideology. This resulted in corruption. This is the opinion of the conservatives.

—Deng said: "The party, the government, and the people are striving for the same objective." This was not completely in keeping with facts. In fact, the party only pursues a limited degree of reform in the economic field and does not pursue any political reform at all. The people are opposed to the policy of not carrying out political reform. To a certain degree, they welcome economic reform, but they are not completely satisfied with it. Zhu Rongji also frankly mentioned this without mincing words. When talking about the reform orientation of the state-owned enterprises, he said: The central leadership holds that the key lies in how to give play to the initiative of the large and medium-sized enterprises. The state-owned enterprises must carry out reforms, and must adapt their management and operation mechanisms to the requirements of the market economy. In the next 10 years or so, the state-owned enterprises will still play a main role. The different opinion holds that reform must proceed from the large and medium-sized state-owned enterprises, competition should be openly supported, enterprises which do not achieve good business results, do not sell their products well, run in the

red, and fail to repay debts should be merged, auctioned openly, or transferred to the hands of overseas investors or private entrepreneurs, and the joint-stock system be adopted among state-owned enterprises. One more opinion holds that now is the time to totally adopt the joint-stock system among all state-owned enterprises and even effect privatization. They say that the joint-stock system and privatization represent the orientation of enterprise reforms. These are different opinions on deepening reform and on the orientation of the reform. People holding the first opinion are mainly scholars and experts. People holding the second opinion include scholars, experts, intellectuals, and many ordinary people, who also hold similar ideas. If there is a referendum, it is believed that the option of "privatization" will win.

—It is not certainly correct to stop all debates. The conservatives may be defeated in a polemic. Why isn't this a good thing? On the other hand, through debates, the voice of the people will produce positive effects on reform, and the truth will become clearer in the course of debates.

It was said that Deng Xiaoping stayed some time in Wuxi after traveling from Beijing to Jinan and Nanjing. Because the whereabouts of the CPC leaders and policy-makers are extremely secret, it is believed that the enigma about Deng Xiaoping's admonition to local officials during his southern tour will not be made clear for a certain period of time.

Deng Reportedly To Emphasize 'Party Construction'

HK3112023293 Hong Kong *SOUTH CHINA MORNING POST* in English 31 Dec 93 p 7

[Report by Willy Wo-lap Lam]

[Text] Patriarch Deng Xiaoping is likely to spend the Lunar New Year in Shanghai, where he is expected to give another series of instructions on reform.

However, a major theme of Mr Deng's instructions will be "party construction", or strengthening the authority of Communist Party organizations.

The patriarch will also lend his prestige to fighting regionalism, which has affected the ability of central authorities to implement market reforms.

Aside from Mr Deng such senior cadres as premier Li Peng and the former member of the Politburo Standing Committee—Song Ping, have recently emphasized strengthening the role of the party.

As reported in the *SOUTH CHINA MORNING POST* last week, Mr Deng went to the Shanghai region this month to hear briefings on the economic situation by local leaders.

Two Hong Kong publications yesterday reported that the patriarch had also gone to cities and resorts near Shanghai including Nanjing and Wuxi.

Moreover, on his way to the south, Mr Deng had passed through Jinan and talked to leaders of Shandong.

The 89-year-old patriarch also received medical attention at a military hospital at Taihu Lake near Wuxi.

The publications said Mr Deng discussed improving party organizations and "reforming the thinking" of leading party cadres.

Chinese sources said yesterday Mr Deng had spearheaded another round of a crusade centred on party construction, campaigns related to which have been waged almost every year since the Tiananmen Square crackdown.

"Comrade Xiaoping is worried that party organizations are crumbling because of the craze of doing business," an informed source said.

"Moreover, central party leadership is faltering and the patriarch fears that radical reforms cannot be implemented without a strong centre."

While in Shanghai in mid-December, Mr Deng had spoken out on the need to "remove all obstacles on the path of reform" as well as "cutting down on regionalism and individualism".

The patriarch also had sessions with party bosses from neighboring cities including Nanjing, Suzhou Wuxi, Xuzhou and Lianyungang.

Following his practice of the past three years, Mr Deng is expected to stay in Shanghai until the Lunar New Year.

Meanwhile, the national press yesterday quoted premier Li as calling for improved party organizations more obedience to central edicts.

"Party organizations of all levels must see to it that they bring into full play their role as a powerful fighting force and that party members play a role as vanguards and models in their work," Mr Li said.

"We must unify our thinking, and act in keeping with the party Central Committee."

XINHUA (the New China News Agency) reported that this week, Mr Song, a conservative elder, toured Guangdong with a view to promoting "the construction of spiritual civilization and the party."

20 Million Copies of Deng Book Sold in 2 Months

OW3112034693 Beijing *XINHUA* in English 0256 GMT 31 Dec 93

[Text] Beijing, December 31 (XINHUA)—The Third Volume of the *Selected Works of Deng Xiaoping* has sold a record 20 million copies in less than two months.

According to the Press and Publication Administration of China, the book was the best seller for several years.

The Third Volume of the *Selected Works of Deng Xiaoping* published November 2 contains his 119 important pieces of works in the period from September 1982 to February 1992.

Li Peng Urges Further Strengthening Party Building

OW3112051593 Beijing XINHUA Domestic Service in Chinese 1032 GMT 29 Dec 93

[By RENMIN RIBAO reporter Xu Rujun (1776 1172 0193) and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 29 Dec (XINHUA)—Li Peng, member of the CPC Central Committee Political Bureau Standing Committee and premier of the State Council, held a discussion meeting in the Great Hall of the People this afternoon with comrades who attended the eighth party work meeting of central government organs. He stressed during the discussion: Party organizations at various levels across China should earnestly implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee; further strengthen party building; and make fresh contributions to expeditiously establishing a socialist market economy, and to enhancing a sustained, rapid, and healthy development of the national economy.

The three-day eighth party work meeting of central government organs ended today.

Luo Gan, state councillor, secretary general of the State Council, and secretary of the Work Committee for Central Government Organs, chaired the discussion meeting. At the meeting, Liu Zhengwei, deputy secretary of the Work Committee for Central Government Organs, reported on the eighth party work meeting of central government organs. Responsible people of party committees of organs under the Ministries of State Security and Water Resources and the China National Petroleum Corporation successively spoke on ways to strengthen leadership in the party organizations of government organs, reform and operations in their respective departments, and giving play to the roles of the party organizations of government organs.

Li Peng said: In 1993, the party organizations at various levels of central government organs and the vast number of personnel handling party affairs have done a lot of work in conscientiously helping departmental party organizations and administrative leaders. They have played an important role and achieved relatively good results in promoting reform, accomplishing departmental work and missions, and waging anticorruption struggles.

Li Peng expounded the current situation and missions, and pointed out that central government organs shoulder

important responsibilities to deepen reform, develop the economy, and safeguard social stability. He said: We must be guided by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, unify our thinking with the guidelines of the Third Plenary Session of the 14th CPC Central Committee and the National Economic Work Meeting, and maintain a high degree of unanimity with the party central committee so as to ensure the smooth implementation of government orders.

Li Peng stressed: In the process of establishing a socialist market economy, we should correctly handle relations among reform, development, and stability to ensure successful implementation of various reforms and a sustained, rapid, and healthy development of the national economy in 1994. He said: Party organizations at various levels should give full play to their roles as fighting bastions, give full play to the roles of party members as vanguard models, lead the broad masses of cadres, staff, and workers; help the leading party groups and administrative leaders of various departments to complete all missions, and work hard to accomplish various tasks laid down by the Third Plenary Session of the 14th CPC Central Committee.

Li Peng said: Throughout the course of carrying out reform, opening up, and the modernization drive, we should persistently pay attention to reform and economic progress on the one hand, and launch an anticorruption campaign and step up the building of a socialist spiritual civilization on the other. We should persistently uphold the policy of "building both material and spiritual civilizations and attaching equal importance to both." He urged the leading party groups in various departments to provide better guidance for the party work of government organs, to earnestly improve the thinking and work style of government organs, and to wholeheartedly serve the people with down-to-earth, efficient and honest work. He pointed out the need to intensify the cultivation of middle-aged and young cadres, to strengthen the development of grass-roots party organizations, and to implement various tasks all the way down to the grass-roots level.

Luo Gan said in his speech: In 1994, the party organizations of central government organs should understand the situation, specify their tasks, and mobilize and organize the broad masses of communist party members to lead the campaign to deepen reform, develop the economy, safeguard social stability, and to play their roles as vanguards and models. They should uphold the policy of building both material and spiritual civilizations and attaching equal importance to both. They should continually deepen the anticorruption struggle, and earnestly improve the thinking and work style of government organs. While establishing a socialist market economy, they should further strengthen and improve the party building of government organs.

Attending the discussion meeting were responsible comrades of the leading party groups of various departments

of central government organs, responsible comrades of the party committees of government organs, and responsible people from relevant departments.

Speech by Qiao Shi at NPC Plenary Session

OW0101074094 Beijing XINHUA Domestic Service in Chinese 1322 GMT 29 Dec 93

[Speech by Qiao Shi at the Fifth Meeting of the Eighth National People's Congress, NPC, Standing Committee on 29 December 1993]

[Text] Beijing, 29 Dec (XINHUA)—Dear deputy chairmen and committee members:

After 10 days' hard work, we have completed all scheduled tasks. The meeting has heard expositions and opinions on a total of 11 draft laws and draft legal decisions. After making earnest deliberations, we have adopted resolutions on four laws and relevant legal issues. While holding the meeting, we have also attended the commemoration of Comrade Mao Zedong's birth centenary. The adopted Company Law is a very important law in a socialist market economy. Its formulation and implementation will be a major event in the development of China's legal system. The law has an important significance in specifying the legal status of companies which are the main bodies of a market, in regulating a company's organizations and behavior, in establishing a modern enterprise system, and in enhancing the healthy development of a socialist market economy. The meeting's adoption of the Draft Amendment to the Accountants Law and the decision on the applicability of relevant interim taxation regulations to foreign-funded and foreign-owned enterprises will play an important role in improving the legal system governing accountants and the taxation system, in protecting the market's economic order, and in improving China's investment environment. The meeting has adopted a decision to submit the Draft Budget Law to the Second Session of the Eighth NPC for deliberation. It has preliminarily deliberated the Draft Foreign Trade Law, the Draft Law on Protecting Taiwan Compatriots' Investments, the Draft Law on Eugenic and Health Care, and the Draft Provisions on Severely Punishing Criminals Who Organize and Smuggle People Across China's Borders. It has also heard a report on opinions concerning the Draft Securities Law. Furthermore, the meeting has heard and deliberated the State Council's reports on the work regarding economic relations and trade with foreign countries; on improving the safety and work of civil aviation; and on inspecting the implementation of the Decision on Punishing Crimes of Production and Sales of Fake and Shoddy Commodities.

The meeting has adopted a decision to hold the Second Session of the Eighth NPC. We have over two months before the Second Session of the Eighth NPC is held on 10 March 1994, and we should do earnest and down-to-earth preparatory work. We must be guided by Comrade Deng Xiaoping's theory on building socialism with

Chinese characteristics and the party's basic line; strive to make the forthcoming session a meeting of democracy and unity, as well as a meeting to seek truth, and discuss practical problems, opening up, and forging ahead; and further mobilize people of various nationalities across China to make concerted efforts and seize opportunities to accelerate the pace of reform and opening up and bring about sustained, rapid, and healthy development of the national economy.

The year 1993 is approaching its end. Through our joint efforts since the First Session of the Eighth NPC was held in March 1993, the NPC Standing Committee has made considerable progress in economic legislation. We have made 16 decisions on formulating and amending laws, and on adopting relevant legal issues; 12 of them concerning socialist market economy issues. We are intensifying the inspection and supervision of law enforcement. The NPC Standing Committee and various special committees have successively sent out 33 law-enforcement inspection teams to check the implementation of 18 laws and decisions, and the inspections had a certain effect. Our work in other aspects has also produced good results.

The year 1994, which is approaching soon, will be one in which we shall face more concentrated tasks of reform and must implement in an all-round way the "Decision on Certain Issues Concerning the Establishment of a Socialist Market Economy" made by the Third Plenary Session of the 14th CPC Central Committee. All reform measures that we take will be of vital importance, and therefore they require that we be meticulous and act with caution. We must succeed in their implementation; we cannot afford to fail. Our fundamental method is to base our work on the interests of the masses and to win their understanding and support. We must make the masses really understand that successful implementation of these reform measures are, in the final analysis, beneficial to them and conducive to accelerating economic development and to improving the people's living standards. In this connection, it is necessary for the NPC and the people's congresses at all levels to look upon expediting the implementation of various reform measures as their own tasks, to conduct surveys and study by immersing themselves among the masses and by going deep into the realities of life, to listen attentively to the views of the masses, to show concern for the masses who encounter temporary difficulties, to take notice of and understand various factors that may possibly affect social stability and the smooth progress of reform at all times, and to actively help the putting forward of constructive views on solving various problems under the leadership of the party. Meanwhile, they must supervise the implementation of all reform measures which have been adopted according to the law, take the initiative in a timely manner to make suggestions on improving our work, and unite and lead the masses of the people to successfully fulfill our reform tasks during the whole year.

In 1994, the people's congress standing committees must continue to place legislation and, in particular, economic legislation at the top of their agenda. They must make efforts to closely coordinate legislative work with the steps of reform and use laws to guide, promote, and protect reform in accordance with the requirements set by the "decision" of the Third Plenary Session of the 14th CPC Central Committee. They must in a timely manner sum up the experiences gained from implementing adopted reform measures, and they must finalize and standardize them by using as many legal forms as possible. They must make a clear distinction between the order of importance and urgency of the laws to be made next year, make proper arrangements, and create the laws that are badly needed ahead of other laws. For example, laws on finance, banking, bank bills, and securities are more urgent than others, and close attention should be paid to their legislation.

To carry out major legislative work in a planned way and to enable a framework of the legal system for a socialist market economy to evolve during the current tenure of the people's congresses, the [NPC] Standing Committee is mapping out a five-year legislation plan and is taking vigorous steps to this end. The five years are an important period for China to accelerate the establishment of a socialist market economy; all fields of endeavor call for the formulation of a number of laws. A legislation plan must be based on the Constitution; it must take into consideration both the possibilities of the realities and the objective needs of reform, opening up, and modernization; and it must make the focal points stand out while giving consideration to other points. The current [people's congress] standing committees must treat as their primary task the effort to formulate the laws on standardizing the main part of the market, maintaining market order, strengthening macroeconomic regulation and control, and improving the social security system. Meanwhile, they must also make arrangements for the legislation of the laws on strengthening the building of socialist democracy, improving the system for the organization of state organs, punishing criminals for various criminal activities, maintaining social order; promoting the development of education, science, and culture; protecting our environment, and strengthening the national defense buildup. In addition, they must amend or abolish at the right moment laws incompatible with the establishment of a socialist market economy. It is necessary for all departments to make concerted efforts and to coordinate closely with each other to map out a legislative plan. The people's congress standing committees must strengthen guidance for legislative work and work successfully in coordinating and supervising the drafting of laws under the unified leadership of the CPC Central Committee. We definitely must acquire a new concept compatible with the socialist market economy, conduct intensive study of the new situations and new problems existing in the realities of life, boldly explore and practice, and solve the difficulties and problems

encountered in legislation with the spirit of reform so that legislation can catch up with the pace of reform and opening up.

After a law is enacted, it must be resolutely implemented. The failure to implement an enacted law is tantamount to the nonexistence of the law. The basic principle of our socialist legal system is to have laws, abide by the law, strictly enforce the law, and see to it that violators of the law are punished. To ensure a sound legal system, none of these four links are dispensable. Because China has a history of several thousand years of feudal society, people have a relatively weak sense of law. Some comrades are accustomed to relying on administrative means to manage economic and social affairs, and they do not attach sufficient importance to the role of the law. Some of them even abuse power and openly violate the law merely to benefit their own localities, departments, or organizations. Such a practice is incompatible with the establishment of a socialist market economy. So, we must not only pay attention to legislation. We must also attach great importance to implementing laws and ensure that everything is done strictly according to the law. Great efforts should be made to improve the situation of some departments, cadres and, people who "know nothing about the law, know about it but fail to implement it at all, or fail to implement it strictly." Comrade Xiaoping has pointed out that an important thing in strengthening the legal system is to carry out education, and it is necessary to enhance the sense of law among the people. We should strive to publicize the law and make it known to as many people as possible. Television and radio stations, newspapers, journals, and other media should make it their day-to-day important work to publicize the law. All departments and localities should persistently publicize the legal system to educate the cadres and the people, and to increase their sense of law and their ability to act according to the law. It is necessary to establish the authority of the PRC Constitution and other laws in society, and to ensure that the Constitution and other laws are implemented to the letter. Leading organs and leading cadres in particular should take the lead in studying, understanding, and abiding by the law, and know how to manage economic and social affairs according to the law. It is also necessary to keep improving the judicial system and the administration's law-enforcement mechanisms, and to raise the standards of both. The people's congress standing committees at all levels should attach importance to inspecting and supervising the implementation of laws. The stress of the inspection for a period to come should be placed on major issues concerning reform, opening up, and socialist modernization, as well as the issues about which the people have strong complaints. More attention should be paid to inspecting and supervising the implementation of the laws concerning the socialist market economy and striving to improve the results of inspection. If any problem is discovered, the departments concerned should be urged to resolve it seriously so as to

win the people's trust. In short, we should conscientiously carry out the duties bestowed on us by the PRC Constitution and other laws. We should work in a down-to-earth way to make greater progress in promoting the socialist democracy and legal system. I hope that our comrades will make their due contributions during the struggle waged by the whole party and the people across the country to win new victories in reform and construction next year.

Last, because New Year's Day is just around the corner, I would like to take this opportunity to say Happy New Year to you. Thank you.

XINHUA Issues 'Public Notice' to Subscribers

OW0201133894 Beijing XINHUA Domestic Service in Chinese 0948 GMT 31 Dec 93

["Public notice" to newspaper offices, and radio and television stations—XINHUA headline]

[Text] Comrades:

As 1994 is drawing near, all comrades at XINHUA NEWS AGENCY would like to extend their season's greetings to you. They would also like to express their thanks for your enthusiastic support for the work carried out by the news agency over the past year.

During the past year, we have endeavored to improve our services toward newspapers, and radio and television stations. Our editorial staff has improved the transmission of news items to newspapers in Beijing; to party organs in various provinces, autonomous regions, and municipalities directly under the central government; and to newspapers in small and medium cities. We have further increased the number of special-line transmissions to radio and television stations, and enriched the contents of such transmissions. In the new year, we will continue to improve our services toward newspapers, and radio and television stations. We earnestly hope for your continued support and assistance.

The year 1994 is one of reform in which news reporting tasks will be extremely heavy. All comrades at XINHUA NEWS AGENCY wish all newspaper offices, and radio and television stations even greater success in propagating the party's basic line and in promoting the establishment of a socialist market economic system under the guidance of Comrade Xiaoping's theory of building socialism with Chinese characteristics.

May the close cooperation between XINHUA NEWS AGENCY and other newspaper offices, and radio and television stations further develop and strengthen.

May our comrades succeed in their work and enjoy good health.

[Signed] XINHUA NEWS AGENCY
[Dated] 31 December 1993

'Peace Charter' Dissident Yang Zhou Freed

HK0301071294 Hong Kong AFP in English 0700 GMT 3 Jan 94

[Text] Beijing, Jan 3 (AFP)—Yang Zhou, dissident founder of the China "Peace Charter" movement, was freed late last week after being held in detention for seven weeks, he said Monday. Yang, 49, from Shanghai, was arrested in Beijing on November 15, the day after the signing by nine dissidents of a document calling for multi-party politics and democracy in China.

He was initially placed in a detention centre in Beijing but was transferred December 5 to one in Shanghai, he told AFP by telephone.

"After I have recuperated a bit, because my health deteriorated in prison, I plan to resume my activities with the Peace Charter and also with the human rights movement set up last year in Shanghai and which we want to get officially registered," he said, following his release on Friday.

Yang, who has always been in the forefront of the struggle to defend human rights in China, spent two years in jail for his role during the 1979 Democracy Wall movement. He was also the author of a letter written in 1990 to Communist Party Secretary General Jiang Zemin calling for the liberation of all political prisoners. Yang said he had no news of another Peace Charter signatory, Qin Yongmin, from Wuhan, central China, who was also arrested on November 15.

Ma Shaohua and Zheng Xuguang, two human rights activists and members of a monitoring group in Xian, central China, were questioned two weeks later for holding a meeting in Beijing with Charter dissidents. During that meeting the two movements decided to coordinate their efforts to promote democracy by legal and non-violent means. Their initiatives on these issues were the most significant since the crushing of the 1989 democracy movement in Beijing.

Further on Release

OW0301104994 Tokyo KYODO in English 1026 GMT 3 Jan 94

[Text] Shanghai, Jan. 3 KYODO—Chinese authorities have released a prominent human rights activist who was detained in November after unveiling a draft "Peace Charter" promoting political reform.

Yang Zhou, 49, told KYODO NEWS SERVICE in a telephone interview that he was taken into custody in Beijing on November 14 and held through December 31 at detention centers in both Beijing and Shanghai. He said he was treated badly at both centers.

Yang was among nine people taken into custody after signing the draft charter intended to stimulate a national dialogue on bringing democracy to China.

All were released the following day except for Yang and another dissident Qin Yongmin. Qin, from the central city of Wuhan, gained attention earlier for campaigning against Beijing's bid for the 2000 Olympic Games. His whereabouts are unknown.

Yang said the charter aims to promote nonviolent political reform in China in contrast to some pro-democracy groups that advocate violent revolution to achieve their goals.

The charter advocates nonviolence and cooperation with the Communist Party, which it describes as the only force capable of leading a peaceful transition to democracy.

It also calls for increasing individual rights, striking political crimes from the legal code and releasing political prisoners.

Yang, who is from Shanghai, was previously jailed for three years for his role in the democracy wall protest movement of the late 1970s.

Regional Social Development Statistics Released

OW3012194693 Beijing XINHUA Domestic Service in Chinese 1126 GMT 30 Dec 93

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 30 Dec (XINHUA)—China has achieved marked progress in regional social development levels in various fields, according to the results of a comprehensive assessment of regional social development levels released today. Beijing, Shanghai, and Tianjin topped the list in terms of high comprehensive levels of social development, while Anhui, Qinghai, and Guizhou were ranked among the top three in terms of growth rates of comprehensive levels of social development.

According to a State Statistics Bureau briefing, comprehensive levels of social development are indexes of regional and overall social development calculated on the basis of the weighted average of figures for all fields of social development for the purpose of presenting a comprehensive picture of social development in a given country or region. This assessment—which is based on 1992 statistics and uses the method of multistage consolidation [duo ji zong he fang fa 1122 4787 4844 0678 2455 3127]—covers more than 100 statistical indicators in ten fields, including the environment, population, economics, living standards, and levels of scientific and technical education that reflect China's overall levels of social development.

The results of the assessment indicate that China's average social development level index in 1992 reached 121, an increase of 10 percent over 1991. Fourteen provinces, autonomous regions, and municipalities are above the national average in terms of comprehensive levels of social development. The assessment also reveals some new characteristics in China's social development

in 1992: China's social development basically kept pace with the development of the economy; China's gross domestic product registered an increase of 13.2 percent in 1992, while the average social development level index rose by 10 percent, basically keeping pace with the former. Large gaps exist from region to region. Excluding Beijing, Tianjin, and Shanghai, the average social development level index of the five highest-ranked regions is 60 percent higher than that of the five lowest-ranked regions. The level of social development was higher in eastern and coastal open areas. Thirteen out of the 14 regions—Shanxi Province is the exception—which enjoy index figures greater than the national average are from eastern or coastal open areas. Regions with relatively low average social development levels saw faster growth; twelve of the fifteen regions with index figures below the national average reached or topped the national growth rate for 1992.

An analysis of the results reveals uneven development from sector to sector in 1992. Nationally, the index figures of population, economy, hygiene and health care, social security, public order, and living standards saw large increases; the environment and scientific and technical education index figures registered slight progress; and the labor index figures declined.

Conference of People's Court Presidents Held

OW3012154093 Beijing XINHUA in English 1150 GMT 30 Dec 93

[Text] Beijing, December 30 (XINHUA)—Chinese courts at all level stepped up their efforts to handle impartially cases involving companies from foreign countries and from Taiwan, Hong Kong and Macao in 1993.

Many special courts were set up to handle such cases, said Gao Changli, vice-president of the Supreme People's Court, at the national conference of presidents of higher people's court, which ended here today.

"The courts protect the legal rights of all parties involved, without discrimination against any side, helping create a better legal environment for China's opening up to the world," said Gao.

With more investments coming to China's mainland, and the development of foreign trade and economic co-operation, the economic cases concerning outside companies have been surging in China's border and coastal regions, Gao noted.

He said the number of such economic and maritime cases in 1993 increased by 36.6 percent and 41.33 percent, respectively over the year before.

President of the Higher Court of Shanghai Hu Ruibang said that the Shanghai courts have been exercising independent judicial power in economic cases concerning foreign companies, in accordance to China's laws and

the international conventions China is a party to, and in line with the norms of international conduct.

In handling cases concerning companies from Taiwan, Hong Kong and Macao, Chinese laws and policies are adhered to, he said.

The overriding principle for the courts is to protect equally the legal rights of all parties, Hu said.

The Shanghai courts also make efforts to make Chinese laws known to the foreign business people, the judge said.

He offered an example: A Swedish company decided to withdraw its business from Shanghai after it was sued by a Chinese company, because of suspicion it would be discriminated against by a Chinese court.

However, Hu said, after the mediation of a Shanghai court, the two companies reached an agreement.

The Swedish company's confidence was boosted and it decided to invest further in Shanghai, Hu said.

President of the Shenzhen Intermediate Court Wang Changying said a special court, the second economic court, has been established to handle cases concerning foreign companies or companies from Taiwan, Hong Kong and Macao. It is the first of its kind in China, he noted.

He explained that this is part of the judiciary's efforts to safeguard and promote the reform and opening up of China's leading special economic zone.

The court has so far handled 700 cases, with 900 million yuan (about 112 million U.S. dollars) involved, he said.

Population 'Problem' Remains 'Critical'

HK3012143393 Beijing ZHONGGUO XINWEN SHE
in English 1103 GMT 30 Dec 93

[Text] Beijing, December 30 (CNS)—The population problem in China remains critical this year because of various factors and in spite of the fact that the state-level and provincial departments concerned as well as individual cities had adopted many measures to strengthen family planning.

Considerable progress was made in population control across the country in 1992 when the national birth rate dropped by 1.44 per 1,000 with the gross population registering only slight growth with 4.96 million fewer babies born than the expected increase. Some provinces and autonomous regions had a good performance in carrying out family planning. In Shandong Province, the planned birth rate rose by 5.3 percent in the first five months this year over the same period last year, the rate of late marriages by 21.3 percent and late pregnancies by 25.8 percent. In Shanxi Province, the birth rate dropped by 0.98 per 1,000 and the natural growth rate of population by 0.69 per 1,000 in the first half of this year over the same period last year. In Yunnan Province, the birth

rate was reduced by 2.24 percent and unplanned children born by 30 percent in the first nine months of this year over the same period last year. With difficulties becoming serious in the population census in the past two years and the survey receiving artificial disruptions, an annual population increase of 1.9 million is not taken into account in the census.

A sample survey conducted by the State Family Planning Commission in 16 villages in each of Hebei and Hubei provinces last October showed that most of the 32 villages had failed to report births and early marriages as well as pregnancies and the heavy rate of births constituted serious problems. Birth figures reported to the authorities may not necessarily reflect the actual situation. The State Family Planning Commission has paid much attention to this problem while experts have pointed out that population control should be carried out by setting up an administrative system in line with the socialist market economy.

Economic & Agricultural

Reportage on Unification of Exchange Rate

Bank Holds 'Urgent' Meeting

OW3112012093 Beijing XINHUA Domestic Service in Chinese 0709 GMT 30 Dec 93

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 30 Dec (XINHUA)—To seriously implement the State Council's relevant decisions on further reforming the foreign exchange management system, the Bank of China recently held an urgent telephone conference of leading cadres at and above the department [chu 5710] level and called on all branch offices to adopt necessary and effective measures to ensure reform of the foreign exchange management system proceeded smoothly.

Wang Xuebing [3769 7185 0393], the new president of the Bank of China, said during the conference: The Bank of China has always been a specialized foreign exchange bank. Under the new system, it remains the state-designated foreign exchange bank. To do a serious and good job in reforming the foreign exchange management system is a glorious and yet arduous task assigned to the Bank of China by the state. Everyone in the bank must do the job well and with a great sense of social responsibility.

Wang Xuebing demanded: The leading cadres of all branch offices should attach a great importance to reform of the foreign exchange management system. Number one leaders should personally take a hand in organizing the implementation of reform measures. Attention should be given to ensuring that every level is performing its duties and regards the reform of the foreign exchange management system as the task of prime importance in 1994. At the same time, all branch

offices should immediately organize serious operational training for relevant personnel in consideration of their actual business.

Wang Xuebing particularly emphasized: During the initial period of the new foreign exchange system, some supportive procedures and relevant rules and regulations will be either formulated or revised gradually. During this period, all branch offices at the different levels should pay special attention to strengthening internal management, preventing irregularities, and ensuring the safety of bank funds. In the meantime, since the new examination, approval and other business procedures still need further improvement step by step, it is even more necessary for all banking offices to pay attention to service attitude, quality and efficiency, and to strive to provide enthusiastic, accurate, and fast service, to be patient and meticulous in seeking the understanding and support of clients, and to ensure the new foreign exchange system proceeds smoothly.

Speakers at the telephone conference included Zhu Xiaohua, vice president of the Bank of China; and Wang Qiren, new chairman of the bank's board of directors.

Central Bank, Branches Prepare

HK3112023093 Beijing CHINA DAILY in English 31 Dec 93 p 2

[Report by staff reporter Ren Kan: "BOC Mulls Impact as FECs Are Phased Out"]

[Text] A senior official from the Bank of China called upon local branches to prepare for the unification of the dual-track foreign exchange system and to "conscientiously" carry out the withdrawal of foreign exchange certificates (FECs).

The bank will replenish its reserves of foreign currencies to cope with the possibility of rising demands for foreign currencies in the future, said Wang Xuebing, the newly appointed president of the bank which issues FECs.

The withdrawal of FECs from the economy is a task with wide-ranging impact, Wang said on Wednesday.

The People's Bank of China has announced that the country will no longer issue FECs. Existing FECs can be used temporarily and will be gradually withdrawn by the banks.

The discontinuance of FECs was one of the measures China was expected to launch next year to extend reform of the country's foreign exchange control system.

Wang Qiren, the bank's chairman of the board, said the central government has placed great expectations on the Bank of China and expects the bank to aid the establishment of the new exchange system in the socialist market economy.

The bank specializes in foreign exchange and foreign trade business, and will continue to be a State-designated foreign exchange bank under the new system.

The bank's president said all banks should treat foreign exchange reform as a top priority next year.

"We should have a high sense of social responsibility to the task," Wang said. "These duties must be performed well."

The bank's head office has established a special group to strengthen the bank's work on the foreign exchange control system.

Some of the bank's departments have also organized special divisions to do preparatory work.

The president said the bank's head office will make efforts to map out detailed management regulations and send them to local branches in the near future.

To ensure the Bank of China's smooth operation under the new system, its head office summoned local bank officials responsible for accounting, settlement and foreign exchange savings to Beijing for a two-day training course. The classes began today.

These officials will immediately return to their branches to teach local staffs.

In another development, it was announced the China Foreign Exchange Trading Centre will open in Shanghai during the first half of 1994.

It will be the largest and most advanced marketplace for trading foreign currency in the country.

The outfitting of the foreign exchange trading centre is now in full swing. The centre's computerized trading system will be connected to six major cities throughout the country on January 1.

According to local banking sources, the government-sponsored trading centre will mainly provide services to banks in the trading and settlement of hard currencies.

'Well Received' in Localities

HK0201060594 Hong Kong WEN WEI PO in Chinese 31 Dec 93 p 2

["Comprehensive report" by staff reporters from Shanghai, Guangzhou, Shenzhen, Fujian, and Zhuhai on 30 December: "Unification of Renminbi Exchange Rates Well Received in Various Localities; Foreign Exchange Markets Quiet, Prices Stable"]

[Text] After the news was made public last night that China would unify the renminbi exchange rates as of 1 January 1994, the renminbi exchange rates stabilized at 8.7 yen to the U.S. dollar yesterday. Foreign trade departments, product-exporting enterprises, and foreign businessmen generally welcome this measure, but the

black market price for foreign exchange certificates [FEC] fell on the announcement.

Shanghai: After the news was announced that the renminbi exchange rates would be unified as of 1 January, there was a strong reaction in Shanghai, China's largest economic city.

Our reporter has learned from foreign exchange "speculators" that no one wants to ask about the FECs, which previously were as attractive as the U.S. dollar. The exchange rate between the FEC and the renminbi has dropped from 1:1.4 to 1:1.1. With the abolition of foreign exchange settlements, it will be easy to exchange foreign currencies into renminbi. Many black market traders think it will be very difficult to operate in the black market in the future.

Chinese residents have a lot of FECs. To prevent them from devaluing further, many people are shopping in foreign-related arcades, bringing about extraordinarily brisk business. Take the well-known Shanghai Friendship Store as an example. As it is still less expensive to buy gold with FECs than with renminbi, the turnover in gold ornaments doubled today.

There has been no great change in terms of transaction volume at the Shanghai Foreign Exchange Swap Center today, but more small traders are selling U.S. dollars. The central bank has absorbed more than \$6.3 million. The swap center finally closed at 8.7 yen to the dollar, which has remained at this level for several months.

Moreover, the Shanghai Foreign Exchange Swap Center—China's largest—today closed the last foreign exchange swap transactions for 1993 with an annual transaction volume of over \$5 billion.

Guangzhou: The market reaction in Guangzhou is quiet today and the foreign exchange swap market is operating normally.

As provided by the Guangzhou Foreign Exchange Swap Center, from today's swap exchange price for individuals, we can see that since the small readjustments on 24 December, there have been no changes in exchange rates so far. The spot exchange buying price is 825 yuan per 100 U.S. dollars; the banknote buying price is 815 yuan; and the selling price for spot exchange and banknotes is 877 yuan. The rate between the Hong Kong dollar and the renminbi is: Buying price—100:107 for spot exchange and 100:106 for banknotes; Selling price—100:114 for both spot exchange and banknotes.

A person in the trade holds that the unification of exchange rates does not have a major impact on foreign exchange swap business, either for individuals or for enterprises. A person in charge of the deposits and exchange swap section of the Guangzhou branch office of the Bank of China said: Since the launch of foreign exchange swap business, most foreign exchange business has been operated according to foreign exchange swap

prices. For this reason, the effect on business following the exchange rate unification is very small.

A person in charge of the Guangdong Foreign Exchange Swap Center stressed: Following the unification of exchange rates, the terms under which enterprises use foreign exchange will be relaxed. To a certain extent, this will ease the situation in Guangzhou in which demand for foreign exchange is greater than the supply.

When commenting on the unification of exchange rates and other new measures for reforming the foreign exchange management system, Xu Dezhi, chairman of the Guangdong Provincial Commission for Foreign Economic Relations and Trade, said: Although these measures come under reform of the banking system, they are principally operated in the foreign trade field. In his view, these measures are very favorable to the expansion of foreign trade and exports.

Fuzhou: After the news on the unification of exchange rates was announced, the price of foreign currency dropped on the black market today. It dropped from 8.63-8.65 yuan to the U.S. dollar yesterday to 8.6 yen today. According to a foreign exchange speculator, the price will continue to fall tomorrow. This is because the unification of renminbi exchange rates will deprive speculators of the chance to make profits from the "dual price system."

Shenzhen: Since it was rumored that the state would further reform the foreign exchange management system as of New Year's Day, the reaction in Shenzhen's banking sector is calm today. There has not been any abnormal situation.

The listed exchange rate between the renminbi and the U.S. dollar remains 8.7:1, as it has been in the past few days. Since FECs are not widely circulated in Shenzhen, there is no problem of a drop in the exchange rate of the FEC. As for the argument that the circulation of foreign currencies is banned in China, the public here generally hold that there is a special reason for Hong Kong dollars to circulate in certain places in Shenzhen. It is unlikely that it will not be used any longer in the near future and therefore there have been no major sales of Hong Kong dollars.

Zhuhai: There has been no change in the swap price for renminbi in Zhuhai today. It remains as it has been in the past few days.

Although Zhuhai residents learned from the newspapers and television that the exchange rates of the renminbi would be unified as of 1 January, the reaction has been calm.

It also has been learned that the Zhuhai Foreign Exchange Swap Center will not open for business on 1 and 2 January because of the holidays. The initial market reaction to the unification of the renminbi exchange rates will be known on 3 January.

Guangdong Official Sees 'Benefit'*HK0201060694 Hong Kong TA KUNG PAO in Chinese
31 Dec 93 p 1*

["Special dispatch" by staff reporter He Sui-i (0149 4482 1837): "Foreign Businessmen Welcome Unification of Renminbi Exchange Rates, Believe It Will Be More Worthwhile To Invest in Mainland"]

[Text] Guangzhou 30 Dec (TA KUNG PAO)—Foreign investors here universally welcomed the announcement of the unification of the renminbi exchange rates effective 1 January 1994. In an interview with this reporter, Lou Yu-huai, general manager of the Guangdong Provincial Service Center for Foreign Businessmen, said that many foreign businessmen believed they would benefit from now on in the payment of staffers' and workers' wages in the hinterland and in the verification of funds.

Lou Yu-huai explained that foreign businessmen had to use their foreign currency to obtain renminbi at the official exchange rate in order to pay the wages of staffers and workers in the hinterland, and the taxation administration constantly checked their foreign exchange receipts. In general, it was impossible for foreign-funded enterprises to avoid such legal channels. However, with the unification of the exchange rates, foreign exchange can be freely bought and sold; the dollar, which was 5.7 yuan at the official exchange rate, now can yield more than 8 yuan, and thus the cut in wage costs is self-explanatory.

Second, according to regulations, the value of foreign investment in fixed assets in China must be calculated in renminbi, so every \$1 million invested yielded only 5.7 million yuan at the official rate before the unification of exchange rates, when the funds were verified according to foreign exchange receipts. Beginning with 1994, however, every \$1 million will yield 8 million yuan, meaning that every \$1 million will yield an additional 300 million yuan, which will be a great benefit to any foreign businessman.

Third, foreign businessmen also will benefit from this practice in the calculation of costs, for they now are freed from doing several calculations in accounting.

However, this new policy might have negative effects on foreign businessmen. For example, viewing the present situation, the change in procedures can be slow in meeting the requirement of wide-ranging implementation of unification of exchange rates, and there will be some gaps in service. Foreign businessmen may find it difficult to feel comfortable with the confusion arising from the change.

In addition, foreign businessmen all along have been "flexible" in their accounts because of the two exchange rates in price-fixing. When declaring taxes and profits, more often than not, it was a case of "superficial deficit,

with actual profit." However, with exchange rates unified, it will be impossible to take advantage of the price difference "loophole" any longer.

As for the reaction of the man on the street to the new central policy, psychological fluctuations still can be detected out of his seeming indifference. It was believed that the exchange rate on the market long had been based on the black market; the new policy served only to legalize the black market exchange rate, and there was nothing strange in that. However, this policy obviously has demonstrated a 70 percent devaluation of the renminbi. People recently have vied to exchange all the renminbi in their hands for hard currencies so as to reduce the risk of devaluation.

Bank Issues Circular on FEC Use*OW0101043794 Beijing XINHUA Domestic Service in
Chinese 1204 GMT 31 Dec 93*

[Text] Beijing, 31 Dec (XINHUA)—The People's Bank of China today issued a circular concerning the circulation and use of foreign exchange certificates [FECs]. The full text of the circular is as follows:

Circular of the People's Bank of China on Circulation and Use of Foreign Exchange Certificates (31 December 1993)

1. According to the guidelines of the "public notice of the People's Bank of China on further reform of the foreign exchange management system," the FECs currently in circulation may still be used in buying goods or services without a time limit. Existing provisions on the use of FECs remain unchanged, and unauthorized price increases on commodities bought with FECs are prohibited. If any special reason makes it necessary to readjust the price of any of such commodities, the readjustment must be made with the approval of the commodity price department.

2. FECs and FEC accounts held by organizations in China authorized to accept FECs shall be converted first into U.S. dollars according to 31 December 1993 official exchange rate, and then settled according to the exchange rate of the day.

3. Organizations in China authorized to accept FECs may continue to accept FECs after 1 January 1994, converting the FECs first into U.S. dollars according to 31 December 1993 official exchange rate, and then settling the exchange according to the exchange rate of the day.

4. Foreigners, overseas Chinese, and Hong Kong, Macao and Taiwan compatriots in China may continue to use the FECs in their possession. They may also convert the FECs back to foreign currency according to 31 December 1993 official exchange rate by showing their passports or identifications at the Bank of China. FECs may be exchanged also at the Bank of China branch

offices outside China and in this case the owner must also show his or her passport or identification to bank personnel.

5. Without the approval of the State Foreign Exchange Management Bureau, no enterprise or organization has the power to change the provisions concerning the circulation, use, and exchange rate of FECs.

Initial Rate Announced

OW0101003394 Beijing XINHUA in English 0018
GMT 1 Jan 94

[Text] Beijing, January 1 (XINHUA)—China today bids farewell to the official exchange rate for good.

The People's Bank of China, the central bank, published at seven this morning [2300 GMT] what it calls the market rate which sets one dollar against 8.7 renminbi yuan.

This is yesterday's average price of U.S. dollar at the government monitored foreign exchange swap markets in major Chinese cities.

The exchange rates between Chinese yuan and the other major foreign currencies have also been readjusted accordingly.

Yesterday's official rate was 1: 5.8 between U.S. dollar and yuan.

An official with the State Administration of Exchange Control (SAEC) said that the rate is set with reference to the swap market rate.

"Before the inter-bank foreign exchange market is established and goes into operation, the swap market rate will be an important and reliable reference since it basically reflects the market demand and supply and has been accepted by the general public," the SAEC official said.

He noted that the rate also conforms to the latest changes of main hard currencies in international financial markets.

"It's relieving to see that the unified exchange rate of the first day is that close to the swap market rate," said Tao Liming, a financial expert contacted by XINHUA through telephone.

"It will boost the confidence of the public in the yuan and can be accepted by enterprises since most of them have long been running business at the swap market rate," said Tao who heads the International Finance Research Institute under the Bank of China.

Step Said Conducive to Market Economy

OW0101153694 Beijing XINHUA in English 1349
GMT 1 Jan 94

[Text] Beijing, January 1 (XINHUA)—Starting today, China has replaced the two-tiered foreign exchange rate

system with a single, controlled floating rate system based on market demand and supply.

This marks an important step in the country's advance towards a market economy.

Reform of the foreign exchange system, announced by the People's Bank of China, is to unfold in the following aspects:

To buy and sell foreign currencies through banks, with a standardized and unified inter-bank foreign exchange market established, while gradually phasing out the swap markets which are currently in operation;

To cancel the exchange retainment and delivery systems practiced by Chinese enterprises, as well as the mandatory allocation of foreign exchanges.

The state will no longer issue foreign exchange certificates (FEC) and ban the circulation of foreign currencies in the domestic market at the same time.

From now on, the state will regulate the foreign exchange market mainly through economic and legal measures, to achieve the balance of international current account.

The Third Plenary Session of the Fourteenth National Congress of the Chinese Communist Party decided to speed up the financial reform which is deemed to be one of the important parts of the economic reform.

However, the success of the financial reform hinges on the on-going reform of the foreign exchange system.

The dual-rate foreign exchange system, or the co-existence of the official rate and a swap market rate, have many drawbacks which have hindered the development of China's foreign trade and foreign investment.

The original dual-rate system was difficult to manage and supervise. Moreover, it bred corruption.

The reform will exert positive influence on many aspects, especially on China's further opening to the outside world. It will help attract more foreign investment, enhance efficiency in the use of foreign funds, and facilitate the flow of capital.

By the end of 1992, a total of 100 billion U.S. dollars had flowed into China, equivalent to over 800 billion Chinese yuan.

The figure was far more than the total amount of stocks and bonds the country issued for the same period, which stood at over 500 billion yuan.

The reform will also make foreign exchange more available to Chinese enterprises. With necessary documentation, they will be able to buy hard currencies from the banks at any time.

It is also beneficial to foreign investors, as they can register their capital and remit their profits at the same exchange rate.

The reform of the foreign exchange system is beneficial to the resumption of China's status as a signatory of GATT, the General Agreement on Tariffs and Trade.

China should, among others, abide by the GATT regulations on exchange rates, for the country's re-entry into the international trade system.

The unification of the exchange rates has paved the way for China's goal of making the Renminbi a freely convertible currency and eventually keep it in line with the international markets.

However, economists here said that there remained a lot of things to do to replace the old system with a new one which is still embryonic.

The authorities will resort to economic and legal measures to realize their macro-economic regulations on foreign currencies and international current accounts and avoid fluctuations of exchange rates to ensure the continuous, speedy and healthy development of the country's economy.

Reaction of Markets Noted

OW0301143494 Beijing XINHUA in English 1339
GMT 3 Jan 94

[Text] Beijing, January 3 (XINHUA)—China's foreign exchange markets were generally quiet on the first trading day today after the decade-old dual-track exchange rate system was scrapped on January first.

Early in the morning the specialized banks screened the market rates of renminbi against major foreign currencies—posted by the central bank, the People's Bank of China.

Smooth trading was reported on China's major foreign exchange swap centers. At the Shanghai center, the country's leading indicator, one U.S. dollar was traded at 8.7 renminbi yuan, with the total trading volume for the day hitting 16 million dollars.

That was approximately parallel to the level of the last trading day of last year, observers here said.

A bank official, who preferred to remain anonymous, said the specialized banks will mainly adopt the benchmark exchange rates announced by the central bank before an inter-bank foreign exchange market is established.

Observers here noted that the exchange markets keeping their orderly operation demonstrates a good start for the introduction of a floating market rate. This, to a great extent, has benefitted from China's progressive reform of its foreign exchange system over the past few years.

The government has been eager to limit the scope of the use of the official exchange rate. Up to the end of last year China's swap centers offered more than 85 percent of the total foreign exchange needed for the country's imports and exports.

This laid the foundation for the shift toward the new, market-oriented system.

Meanwhile, as most of the macro-regulatory measures introduced by the central government over the economy in July 1993 are still in place, and especially as the authorities have repeatedly pledged to stabilize the exchange rate, the balance between demand and supply of foreign currencies achieved since last July will not be changed in the short term.

Steps to protect the vested interests of localities, enterprises and individuals are considered to be another factor in helping stabilize the market.

This consideration is crystallized in such measures as allowing enterprises to use foreign exchange accumulated under the old system and declaring that foreign exchange certificates (FEC) can be used for payments with their value unchanged until they are gradually withdrawn by banks.

However, most experts here agree that it will be some time before enterprises, the general public and the banks get used to the unified exchange rate system.

Over the next few weeks or months most of them will probably take a wait-and-see attitude, and will inevitably adjust their behavior to the new environment, gradually, the experts assume.

Industrial, Commercial Bank Sees 'Rapid Growth'

OW2912174293 Beijing XINHUA in English 1542
GMT 29 Dec 93

[Text] Beijing, December 29 (XINHUA)—The Industrial and Commercial Bank of China (ICBC) has undergone rapid growth in the past ten years of reform and opening up.

The total assets of the bank have swollen to 1,430 billion yuan (about 250 billion U.S. dollars) and its capital funds total 48 billion yuan (about 8.5 billion dollars), the ICBC announced.

This indicates an average annual increase of 47 percent of the volume of assets over the past decade. The bank said its yearly profit averaged 13.6 billion yuan (about 2.4 billion dollars).

Set up on January 1, 1984, ICBC was intended to take over the credit services of the People's Bank of China after the latter was ordered to function as China's central bank.

After ten years of development, ICBC has become the largest state-owned specialized bank in terms of assets, branches, services and advanced equipment. It ranked 13th among the world's 500 biggest banks listed by the British magazine "Banker."

ICBC also opened new channels to raise money, such as issuing financial bonds. The present remaining sum of the various loans totaled 1,070 billion yuan.

Meanwhile, ICBC brought in credit cards and joined the international Master Card and Visa Card organizations in succession. It has issued two million Mudan (Peony) Cards and is going to issue personal gold cards next year.

Officials from ICBC said that they were pondering next year's plan of reform and development, including laying down managerial regulations on the ratio of liabilities to assets and risk of assets, in line with the spirit of the Basle Accord."

Results of Tax, Price, Financial Inspections Noted

HK0301095294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0605 GMT 21 Dec 93

[Text] Beijing, 21 Dec (ZHONGGUO TONGXUN SHE)—According to an official of the Office for Tax, Financial, and Price Inspections under the Ministry of Finance, from late August to the end of November, the 1993 nationwide tax, financial, and price inspection uncovered a total amount of 12.717 billion yuan involved in the violation of financial discipline in various aspects. Of this amount, 8.2 billion yuan should be delivered to the state treasury, and 6.372 billion yuan had been retrieved by the state treasury. These figures were respectively 55.59 percent, 49.74 percent, and 32.5 percent higher than those for the same period last year.

In the nationwide inspection, 71,711 institutions and 14,881 people were fined as the result of enforcing financial discipline. Among this number, administrative and party disciplinary actions were taken against 31 people. The judicial organs placed on file for investigation and prosecution the cases of 198 people who had seriously violated the law and discipline.

GDP Growth Rate 'To Slow Down' in 1994

HK0301073494 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 2-8 Jan 94 p 1

[By staff reporter Wu Yunhe: "China To Slow Down GDP Growth"]

[Text] China plans to slow down its gross domestic product (GDP) growth this year in a bid to end the country's recent history of boom-and-bust economics.

China's GDP growth is expected to reach between 9 and 10 percent in 1994, three percentage points lower than last year, an official with the State Information Centre said.

The Chinese Government believes a "moderate development in the GDP" this year is a positive step towards calibrating the nation's economic growth, said Wang Changsheng, deputy director of the Centre's Economic Information Department.

Meanwhile, as it moves to unify its exchange rates, the country's exports are expected to be stimulated this year. On the other hand, import growth may fall from 1993 due to higher costs.

Wang, whose centre is under the State Planning Commission, told Business Weekly in an interview that China's exports might reach \$108 billion in 1994, representing an increase of some 14 percent from last year.

But its imports would only chalk up a yearly growth of 13 percent to reach nearly \$116 billion this year.

This is because of many restraints like the higher exchange rate and massive imports in 1993, have weakened State foreign exchange reserves, he said.

"China should act with caution in 1994, as it needs a stable financial market to pave the way for its bold reforms involving taxes, exchange rates, accounting systems, and State property," he noted.

In order to enact further market reforms to spur sound economic growth China has decided to allow its fixed assets investment to grow by only 10 percent in 1994. If it does, it will reach some 1.4 trillion yuan (\$241.4 billion), allowing for inflation.

The government believes it can manage its money supply and market prices best if it slaps controls over fixed assets investment, which became a factor fuelling both real estate speculation and inflation in 1993.

Wang reiterates that a proper price environment is crucial for the ambitious deregulatory packages being introduced by the government.

But the government will ensure strong financial backing for infrastructure projects, which aim to ease the country's bottlenecks in the transportation, telecommunications and energy sectors.

He predicted that retail sales in China will hit 1.63 trillion yuan (\$281 billion) this year, a 21-per-cent increase.

And the inflation rate will also keep pace with retail sales by hitting at least 10 per cent nationwide—and 15 percent in the country's 35 largest cities.

But he warned that to hold the inflation rate within 10 percent will be a difficult task, as the country's economic sectors, especially agriculture, still have many problems due to the slow growth in farmers's income and high production costs.

The annual population increase of some 15 million people at present, plus burgeoning food industries, have made it more and more difficult for the grain producers to keep the country's per capita grain ration from decreasing.

Unlike the service industry, which might chalk up a high growth rate, both the agricultural and industrial sectors are expected to see their development remain at around the same level as last year.

The deputy director said agricultural output this year is expected to chalk up a growth rate of 3.5 percent, the same as last year.

Industrial output might reach 15 percent this year, down six percentage points from last year.

But the service industry, which includes transportation, finance, insurance, telecommunications, real estate, information, technology and education, will see its output growth hit 11 percent this year, up 1.5 percentage points from 1993.

Commentary on 1993 'Year of Reform'

HK0301070294 Beijing CHINA DAILY in English 3 Jan 94 p 4

[CHINA DAILY Commentary: "Year of Reform"]

[Text] The year 1993 was marked by China's intensified reform efforts to build a socialist market system and accelerated economic growth that has eclipsed that of most other countries in the world.

A nation with 1.1 billion people is also enjoying political stability, national unity, and social progress.

The Chinese Government has demonstrated maturity and greater insight during the past year by resorting to economic means, instead of mere administrative decrees, to regulate the once overheated economy; it is fostering the rule of law and introducing a civil service system to improve efficiency; and it has waged a timely campaign against corruption to keep the administration clean and honest.

The decision endorsed by the Party's Third Plenary Session of the 14th Central Committee last November blueprinted the framework for the socialist market economy and spelled out the immediate tasks and goals for the country's reform and opening up during the 1990's.

In fact, China has steadfastly embarked on a road that starts from a centralized planned economy and leads to a socialist market system throughout the last 15 years of reforms. The decision further provides principled guidance for the most crucial stage of such a transition.

The nation has a reason to be proud of its achievements last year: Its gross domestic product rose a hefty 13 percent over the previous year. The output of cereals, edible oil, and meat all surpassed records. The income of urban dwellers, accounting for the double-digit inflation, was 10 percent higher than the previous year, while the living standards of the rural population continued to improve.

Internationally, China's prestige rose remarkably thanks to its firm adherence to an independent foreign policy that emphasizes world peace and progress and, in particular, to President Jiang Zemin's successful overseas tour. This in turn, has contributed to building up a favourable international environment for China's domestic development.

The year 1994 will be crucial for the country's development of a market economy because the heaviest reform package is to be put forward, including a substantial restructuring of the banking, financial, taxation, and state industrial sectors. They are indispensable in the framework of a market economy.

The task is challenging indeed because the deepening reform will readjust the functions and interests of different departments and the national and local governments.

This requires, on the one hand, the various sectors and localities to place the interests of the whole nation above departmental and regional gains while, on the other hand, the policy-makers to be extremely considerate of the demands of ordinary people.

Macrocontrol

It is essential for the central government to continue and improve its macroeconomic regulation. This is a delicate job because an overdose will suffocate the economy while a looser package will fuel inflation.

Agriculture deserves special support because it remains the basis for China's economic development and because income of the 800 million people in the countryside has yet to catch up with that of the nation as a whole.

The State-owned industries need to undergo thorough restructuring to adopt modern enterprise mechanisms and to maintain their leading role in the economy.

It is only natural that various problems may crop up during the reform process, considering the scope of the change and the size of the country. Yet it has become the nation's consensus that only further reforms can lead the country forward.

It is hoped the new year will see more extensive development of the socialist market economy, social stability, democracy, and cultural life.

After all, China's progress and prosperity will mean greater contributions to world peace and development, and to the whole civilization of the human race.

'Yearender' Column Views Economic Development

HK0201072394 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Dec 93 pp 1, 3

[From the "1993 Yearender" column: "China's Speedy Economic Growth Has Impact Far and Wide—RENMIN RIBAO Economic Department Holds Forum on Relationship Between China's Economic Development and the World Economy"—first two paragraphs are editor's note]

[Text] "China's development cannot be separated from that of the world, while world development also needs

China." Many people at home and abroad have used this remark to explain the relationship between China and the world.

As the New Year approaches, various localities, departments, and enterprises throughout the country are speeding up their work, making plans to further increase their economic and trade contacts with foreign countries through in-depth reform and wider openness to the outside world. In the meantime, economic specialists and manufacturers in various regions of the world are enthusiastically discussing the "China factor." They have noted that since the publication of Comrade Deng Xiaoping's important remarks made during his south China tour in the spring of 1992, along with the sustained, rapid, and healthy [chi xu kuai su jian kang 2170 4958 1816 6643 0256 1660] economic growth and the increase in comprehensive national strength, China has exerted an impact on the international community which is not to be ignored: In the various factors by which economic growth in the Asia-Pacific region is maintaining vigorous momentum, China is exercising the role of a "booster," and in the various endeavors to push forward the global economic development, China is a positive and active factor. A developing and flourishing China is making its greater contributions to the world peace and development. On this occasion of bidding farewell to the old year and ushering in the new, the colleagues of this newspaper's Economic Department held a forum especially on the subject of the relationship between China's economic development and the world economy. We now publish the following excerpts from it:

More and More Serious Attention Has Been Paid to the "China Factor"

Lu Zhenhua (7120 2182 5478): The vigorous momentum of economic development in China increasingly has attracted worldwide attention. Recently, the following four figures were most widely discussed by people: China's rapid economic growth has lasted for 24 months, China's economy has shown a growth rate of 12 percent, the economy in the Asia-Pacific region grew by 8 percent, and the world economy grew by an average of 2 percent. During these "24 months," China's places in world GNP and import-export trade volume have moved forward several times. Some people said that China's 12 percent growth rate has given impetus to the 8 percent growth rate in the Asia-Pacific region, and also has generated the world's 2 percent growth rate. At present, when many countries are considering ways to promote economic development, accelerate economic recovery, and lower unemployment rates, they all place the "China factor" at a high level—something that has never been seen before. This is obviously practical. China is a developing country with its economy just taking off, so it is wrong to exaggerate the role of the "China factor." However, China possesses a vast market, as well as a great potential for opening up this market along with economic development. It is indeed an unwise move to overlook or abandon this market. According to statistics, over the past five years, foreign

capital directly utilized by China amounted to approximately \$30 billion. Meanwhile, it spent \$400 billion in purchasing foreign goods. It is anticipated that during the Ninth Five-Year Plan, there will be an increase of more than 10 percent in these two areas. Such a large amount of capital and huge commodity market will bring many opportunities to various foreign countries and regions.

Dai Lan (2071 1526): According to the latest World Bank statistics, foreign funds flowing into China in 1993 exceeded \$27 billion, and China has become the world's largest country into which foreign capital has flowed. In the 15 open cities, more than 240 representative offices have been set up by over 130 financial institutions from 29 countries and regions. The quick access to China by foreign banks and their extensive involvement have attracted people's attention. Since last year, China's stocks have crossed the Pacific Ocean and begun trading in the renowned stock market in Wall Street. Wall Street financiers likened the Chinese stocks to "mountaineering tigers." Over the next five to 10 years, China, being a major region for the future development of "energy" in the world, will see substantial growth in the securities markets.

Japan's Nomura Securities is the first foreign organization to set up a representative office in China. Nomura took an optimistic attitude toward the relatively high growth rate that China will be maintaining and the funds that China will raise on the largest scale ever seen in history for the development of its agriculture, energy, transportation, and telecommunications in a period of time to come. Through Nomura's introduction, more than 300 Japanese enterprises have come to China one after another to set up foreign-invested enterprises there. In addition, it has specially set up the Nomura (China) Investment Company, Limited, to engage in various investment projects of considerable size in Shanghai, Shenzhen, Beijing, and other cities. Thus it is obvious that China's vigorously developing economy really has provided good opportunities for foreign funds.

Overseas Manufacturers Are Optimistic About the Markets in China

Xu Zhengzhong (6079 2973 0022): China's consumer market is an enormous one, and is significantly characterized by the growth of its market capacity outpacing its economic growth. This year, China's total volume of social commodity retail sales will increase by 23.5 percent. Also, judging from the consumption structure, both daily consumer goods and durables have universally begun to change to a diversified pattern at multiple levels. The strong demands of China's consumer market not only accelerated the readjustment of the world's industrial structure of consumer goods, but also brought about the prosperity of these trades. This is demonstrated by the fact that at present, many countries are contending with each other in studying China's consumption structure in order to be suited to the consumer market in China.

In addition, the brisk consumer market in China also provides outlets for the substantial amount of idle funds from all over the world. At present, owing to the sluggish markets in quite a few countries and regions, the return rate there has been seriously affected, but the stable and prosperous consumer market in China has provided investors with exactly the environment and confidence for their success.

Lu Zhenhua: The striking characteristic of China's market is its hugeness, with great potentials and multiple levels. Domestic manufacturers have placed high hopes on it, and it has an appeal for overseas manufacturers. Analysis of the prospects of China's market just according to the increase of 22.5 percent of the total social commodity retail sales across the country in the first 11 months of this year over the corresponding period last year is not comprehensive enough. We should note that at present, there exist privately owned foreign exchange amounting to nearly \$10 billion and personal savings exceeding 1,600 billion yuan, which are potential forces for consumption. If we analyze China's market potential from a deeper level, people will come to some kind of understanding that is more encouraging. First, the total population of the Western developed countries is about one-half China's current population, which, though under control, is still growing at a rate of 1 percent. The demands of such a huge population at multiple levels certainly will give impetus to world commodity production. Second, the markets of the Western countries have tended to mature, while the development of China's market has just begun, and is full of opportunities. Third, the economic development achievements attained by China over the past dozen years have been shared by the great majority of the people, and with their income growing, they are rapidly turning into actual market demand. Today, many overseas manufacturers' opinion that the "China market should not be lost" stems precisely from their considerations of immediate and long-term interests.

China's Economy Is Being Linked to the World Economy

Liu Luyan (0491 7627 3601): China's foreign economic relations and trade made a stride forward in 1993 on the basis of sustained development. It is anticipated that the total value of exports will be over \$91 billion and imports will be approximately \$100 billion. Regarding direct foreign investment, a grand total of some 130,000 foreign-invested enterprises have been approved; in industrial output value accounted for six percent, and import and export volume accounted for over 20 percent of China's total. [as received] This indicates that the dependence of China's economy on foreign countries has increased repeatedly, and its relationship with the world economy has become closer and closer.

In this era when science and technology are advancing by leaps and bounds, it is an irreversible tendency to merge the domestic economy with the world economy. Since reform and opening up, China has made unremitting

efforts to link its economy to that of the world. The foreign trade structural reform has been deepened deliberately, with its intensity being further increased this year, the management of export quotas and licenses has been relaxed, the imposition of import regulatory taxes and requirement for all lists of imported substitute goods have been canceled, and import tariffs have been reduced twice. All this has enabled China to move closer to GATT requirements. As a participant in the Uruguay round of talks, China has made major adjustments in its foreign trade policies according to the requirements of the talks, and has drawn up a list of tax reductions or remissions for agricultural and nonagricultural products, the service trade, and so on. In short, China is moving positively toward standardized international trade.

Qin Jingwu (4440 0079 0582): In China's primary energy (yi ci neng yuan 0001 2945 5174 3293), the development of petroleum particularly requires international cooperation. In 1992, when China designated the East China Sea and Tarim Basin for foreign companies' prospecting and development at their own risk, scores of foreign companies submitted tenders. In the meantime, China discovered a number of oil and natural gas deposits in the Tarim, Dzungaria, Turfan, and Hami Basins. Moreover, China's oil industry has emerged from the national boundaries and has engaged in overseas oil prospecting at its own risk. It has signed agreements on oil prospecting with Canada, Peru, Thailand, and Papua New Guinea, which indicates that China has set up a global concept of oil exploration in order to seek cooperation for energy development in the sphere of the world.

Xu Zhengzhong: During the decade before reform and opening up, China mainly exported some labor-intensive preliminary materials and rough products, and the ratio between them and the technique-intensive products for exports was 7:3. Alongside the technological advance and industrial structural readjustment, the proportion of finished products in the country's export commodities grew so rapidly that the former ratio has been reversed to become 4:6. More and more China's hi-tech products have crossed national boundaries to take part in international competition. This certainly will exert an impact on the industrial structural readjustment of international trade.

New Provisional Tariffs on Some Imports, Exports

OW3012133693 Beijing XINHUA in English 1253 GMT 30 Dec 93

[Text] Beijing, December 30 (XINHUA)—China has decided on new, lower provisional tariff rates on 234 categories of imports and nine types of exports in 1994, a customs official said here today.

The Tariff Policy Commission of the State Council has decided that provisional tariffs are to be levied on

imports of major raw materials for agricultural and industrial production, including farm chemicals and pesticides.

Imports of products which China either does not produce or in which the country faces shortages, such as spare parts for major machinery and electric products, is also on the list of provisional tariff rates.

China will also collect tariffs at provisional rates on nine categories of exports, including lead, zinc, tin, phosphorus and benzene.

The customs official said that the move is part of the bid to reduce the effects on the prices of imports which may be brought about by the currency reform to going into force on January 1, 1994.

The provisional tariffs are lower than the present preferential tariffs spelled out in the country's tariff rules for imports and exports, and some tariff rates on export commodities will be reduced to zero under the provisional rates.

China cut tariffs on 2,898 categories of imports last month.

Controls on Some Imported Goods To Be Lifted

OW3112044293 Beijing XINHUA in English 0402
GMT 31 Dec 93

[Text] Beijing, December 31 (XINHUA)—China is to lift controls from 283 kinds of imported goods from January 1, 1994.

The announcement was jointly made here today by China's Ministry of Foreign Trade and Economic Cooperation, the State Planning Commission, the State Economic and Trade Commission and the General Administration of Customs.

According to the announcement, to be abolished are import licenses and quotas for natural medicinal materials, polycarbonate, waste steel, billet, and black and white kinescopes; import licenses for coffee products, cobalt and cobalt products and aircraft for civil use; import licenses and controls on equipment for assembling and processing; import quotas for fruits; and import controls on decoration and construction materials, and some machinery and electronic products.

Report Views Rural Laborer Migration 'Tide'

OW0101075594 Beijing XINHUA in English 0702
GMT 1 Jan 94

[Text] Changchun, January 1 (XINHUA)—Since 1988, tens of thousands of surplus rural labourers in China have been pouring into the country's prosperous coastal areas and big cities, bringing about great changes to the country's rural and urban economy.

Experts call the phenomenon a "tide of rural laborers migration" or a "great historical migration."

At first, most of the migrants came from relatively backward or over-populated areas, such as Sichuan, Zhejiang, Henan, Anhui and Jiangxi Provinces.

However, the impact has now spread to northeast China. More and more farmers in the area, who used to be reluctant to leave their fertile black farmland, have left their land to work in cities, other provinces or even abroad.

Xinsheng, a Korean autonomous village in Changbai Mountains in Jilin Province, has a population of 970 in 232 households. Now, 83 households with 353 people have gone to work and live in the cities.

Statistics show that 8,921 households or 17.4 percent of rural households in Huinan County of Jilin Province have left the county. Among the population having left, 12,949 are labourers, accounting for 12.2 percent of the county's total rural labourers. Three hundred and eleven of the labourers have gone to work abroad and 2,819 are working outside Jilin Province, while 3,273 are working in other counties.

Experts estimate that at least one tenth of the rural labourers in Jilin Province have migrated. This means that over 730,000 labourers in the province have migrated so far.

According to sources from the Public Security Bureau of Changchun city, capital of Jilin Province, more than 90,000 farmers registered for transient residence in the city in October this year alone.

Most of the migrated farmers resettle around the urban area or near the trading markets of farm produce. In some markets, 60 percent of booths are taken by migrant farmers.

At first, most of the migrants from the countryside worked as nurses, construction workers or peddlers. However, they can now be found in nearly all trades, such as building, transport, telecommunications, commerce, services and manufacturing.

Some migrant farmers even invested capital in setting up shops or high-tech enterprises in urban areas. Eight farmers from Shulan County of Jilin Province established a water supply equipment company in Changchun city with 90,000 yuan (15,000 U.S. dollars).

With help from higher education colleges and research institutes, products of the company have squeezed into the market of 29 cities in five provinces. Now, the company has fixed assets of 1.1 million yuan (nearly 200,000 U.S. dollars). Its annual output value has hit seven million yuan (1.2 million U.S. dollars).

Last year, the company was listed as a high-tech enterprise by the Changchun city government.

Most local governments adopt policies to encourage the migration of farmers, saying it benefits all sides.

First, many migrant farmers engage in hard jobs in building, transport and service trades, which urban workers are unwilling to do, providing the urban residents with great conveniences.

Second, some migrant farmers set up restaurants or other businesses, providing urban residents with more job opportunities.

Third, migrant farmers have helped promote the economic development of both the urban and the rural areas.

Yangzishao town of Huinan County in Jilin Province has accepted 1,120 rural people in the past three years, who set up various kinds of enterprises in the service industries. As a result, the town became prosperous. Last year, the town's revenue from the service trade alone reached 6.6 million yuan, which accounted for 22 percent of the town's total output value.

Yang Li, a farmer in Changcongshao village in Huinan County, left home to work in a pipe factory in Xian city, capital of Shaanxi Province, in 1985.

He returned home in 1988, bringing back information, new ideas and technology. He established a pipe factory with an annual output value of 200,000 yuan in his home village. His fellow villagers followed his example and

have set up 24 other enterprises, whose products sell well in a dozen provinces, municipalities and autonomous regions.

"A farmer leaving as a student will return as a skilled teacher," the local people say.

On the other hand, migrant farmers have brought great pressure on the cities. They have become rivals of urban residents for employment, escalating unemployment crisis. They have also added more burdens to the already strained water supply, power supply, transport and post and telecommunications in big cities.

Nevertheless, most experts are optimistic about the present migrant tide. They said that from a long-term point of view, the pressure can be turned into motive for the development of cities.

Experts suggest that several measures should be taken now to bring the migrant tide under control.

These measures include adjusting the resident registration policy and allowing farmers to settle down in the urban areas, setting up a unified labor market to provide migrant farmers with more job opportunities, and speeding up the construction of small towns to absorb more surplus rural labor.

East Region

Anhui Province Develops Telecom Networks

OW3012161693 Beijing XINHUA in English 1427
GMT 30 Dec 93

[Text] Hefei, December 30 (XINHUA)—Program-controlled and mobile telephone networks now cover every city and county in east China's Anhui Province.

The province has invested 1.3 billion yuan to build program-controlled telephone switches, optical cables and microwave relay stations this year. It has developed several telecommunications networks, of both cable type and wireless type.

Now the province has 660,000 automatic telephone terminals which are connected to international networks, a digital info-transmission network and a 900 kilohertz mobile telephone network which enables people to call from anywhere in the province with a wireless telephone.

Anhui Economic Radio Station Begins 1 Jan

OW0201090094 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 1 Jan 94

[From the "Provincial Hookup" program]

[Text] The Anhui Economic Radio Station, which has been in trial operation for seven months, was officially inaugurated today. At 0930 local time, a ceremony to mark the start of official broadcasting was held at the Anhui theater. The inauguration ceremony was broadcast live by the radio station using the medium-wave and FM frequencies, 864 KHz and 89.5 MHz, respectively.

The Anhui Economic Radio Station started its trial operation on 1 June 1993. Since then, adhering to the principles of serving economic construction and enterprises in urban and rural areas, and providing guidance for daily life, the station has been broadcasting its programs using commercial advertisements and other means such as direct advertising by the host and direct participation by the audience, winning acclaim from audiences in and outside the province.

Since it started official operation, the station has adjusted its programs to add new ones. Its daily broadcasting time will be extended from 10 hours to 14 hours.

Fujian Province Appoints New Secretary

OW3112044493 Beijing XINHUA Domestic Service in Chinese 0245 GMT 31 Dec 93

[Text] Beijing, 31 Dec (XINHUA)—The CPC Central Committee has decided that Comrade Chen Guangyi will no longer assume the posts of secretary, standing

committee member, and member of the Fujian Provincial Party Committee, and instead has appointed Comrade Jia Qinglin as secretary of the Fujian Provincial CPC Committee.

Jia Qinglin Named

OW3012140793 Beijing XINHUA in English 1336
GMT 30 Dec 93

[Text] Fuzhou, December 30 (XINHUA)—Jia Qinglin has been appointed as the new secretary of the Fujian Provincial Committee of the Communist Party of China (CPC).

Zhang Quanqing, executive deputy head of the Organization Department of the CPC Central Committee, announced the appointment today at a meeting attended by local party, government and army leaders in this capital of Fujian Province, east China.

Jia succeeds Chen Guangyi who was appointed director of the Civil Aviation Administration of China recently.

Fujian Tax Head on New Tax Systems

HK0101073094 Hong Kong TA KUNG PAO in Chinese 1 Jan 94 p 4

["Special dispatch" by staff reporter Yang Hsiao-yang (2799 1420 3152): "Fujian Taxation Bureau Chief Li Lijun Points Out the New Tax Systems Are Favorable to Foreign Investments"]

[Text] Fuzhou, 31 Dec (TA KUNG PAO)—The implementation of the new tax systems on 1 January 1994 marks a crucial step in tax reform. What impact will the new tax systems have on foreign-invested enterprises and a new round of foreign investments in China? With this question in mind, this reporter has interviewed Li Lijun, head of the Fujian provincial taxation bureau.

Foreign Businessmen Will Not Suffer Losses

Li Lijun categorically told this reporter: The new tax systems, which will be implemented as of 1 January, will affect neither the interests of foreign-funded enterprises nor the enthusiasm of foreign investors. On the contrary, they will enable foreign-funded enterprises and foreign investors to get better returns.

He said: The tax reform will place the taxes of domestic enterprises and foreign-funded enterprises on an equal basis and the same starting line. In this way, all enterprises will be able to compete on an equal basis in the market economy. Prior to this, the taxes of foreign-funded enterprises in China were the industrial and commercial unified tax and the income tax of foreign-invested enterprises and foreign enterprises; after the tax reform, the industrial and commercial unified taxes will be turned into value-added, business, and consumption taxes. They will pay the same taxes as domestic enterprises now. Naturally, the tax reform will have a certain impact on foreign enterprises. If the original industrial

and commercial unified tax is lower than the new taxes, foreign enterprises will certainly have to pay more if they should pay according to the new taxes; conversely, there will be no effect on them. For this reason, the state taxation department has also provided that, while implementing the new tax systems, we can give a tax refund. That is to say, foreign enterprises which have to pay higher taxes according to the new tax systems than they formerly did do are allowed to have a tax refund to ensure that their new taxes equal the previous ones and to guarantee that they will not suffer losses. With regard to those foreign enterprises which pay higher taxes than the new ones, they should pay according to the new tax systems.

Li Lijun said: To implement the new tax systems, the Fujian taxation departments have conducted a lot of investigation and study. They have also worked among foreign enterprises to enable each of them to have a full understanding of the new tax systems and thus remove their worries. Viewed from the present conditions, all foreign enterprises understand the new tax systems and take the initiative to cooperate with us so that the tax reform has made smooth progress.

The High Science and Technology Industry Tax Will Drop

Li also pointed out that the foreign enterprises mentioned above refer to those approved before 1 January 1994. Those approved after that date must pay according to the new tax systems. These foreign enterprises will be treated equally without discrimination like domestic enterprises. Therefore, when investing in a project and carrying out a feasibility study, foreign businessmen should take this factor into consideration.

The Fujian provincial taxation departments have compared the new tax burdens of foreign enterprises in Fujian with their original tax level. The result is: In industry, the overall tax level of the new tax systems is lower than that of the old tax systems by 27.9 percent; in high science and technology industry, it is also lower; in electronics, textile, garment, furniture, cosmetics, drink, trade, transport and communications, it has risen on the average. It can thus be seen that if foreign businessmen invest in Fujian according to the state industrial policy and rationally choose trades that yield high investment returns, they can have great prospects, such as investing in high-tech industry, infrastructure, and so on.

Li also stressed: Fujian Province still encourages foreign businessmen to invest in real estate and other tertiary industry. The land value-added tax in the new tax systems is also applicable to foreign businessmen. But this is aimed at restricting speculation in land transactions by foreign businessmen; it will not have any impact on genuine property developers.

Taxation Organs Will Collect Taxes According to the Law

In Li's view, the new systems totally conform with the needs of socialist market economy and respect international tax practices. In so doing, China's market economy can enter and converge with the international market at an early date. Moreover, the new tax systems provide that, except for the stipulated tax deductions and exemptions, taxation departments must not reduce or exempt taxes without authorization. This makes it possible for the taxation departments to impartially collect taxes according to the law. Foreign enterprises can also feel at ease because there is no need to worry about the imposition of other taxes.

Li stressed: After the implementation of the new tax systems, foreign enterprises still enjoy the preferential treatment of tax exemptions in the first two years and tax reductions in the next three. Therefore, their new tax burdens will not increase in the wake of the tax reform. On the contrary, because of investing in high and new technology and the infrastructure, they will be able to enjoy more preferential policies. He said: The implementation of the new tax systems in 1994 will be more beneficial to foreign investments in Fujian.

Fujian's Rural Economy 'Developing Steadily'

OW3012040493 Beijing XINHUA in English 0219
GMT 30 Dec 93

[Text] Fuzhou, December 30 (XINHUA)—The rural economy in southeast China's Fujian Province is developing steadily, according to Jia Qinglin, governor of the province.

The gross agricultural output value is expected to reach 31 billion yuan this year, an increase of 5.8 percent over last year, and farmers' net income will average 1,142 yuan per capita, up 16 percent.

The province harvested nine billion kg of grain on two million ha of farmland, up 105 kg per ha.

Thanks to expansion of the areas under cash crops, Fujian harvested 1.35 million tons of fruits, 230,000 tons of edible fungus and 1.8 million tons of aquatic products this year.

The province's 540,000 rural industrial enterprises generated a total output value surpassing 100 billion yuan and exported 19 billion yuan-worth of goods this year—both double last year's figures.

The governor attributed the good result to the provincial government's focus on rural development.

According to the governor, the province is striving to make sure that next year's output of grain, aquatic products, fruit, meat, poultry, eggs, milk and vegetables will be similar to that of this year.

Jiangsu's Wuxi County Leads in Economic Growth

OW0301041594 Beijing XINHUA in English 0304
GMT 3 Jan 94

[Text] Nanjing, January 3 (XINHUA)—Jiangsu Province's Wuxi county, one of China's richest counties, is still leading the nation in economic development.

According to official figures, 117 villages and enterprises in the county generated an output value exceeding 100 million yuan in 1993.

The county's product last year totalled 12 billion yuan, averaging more than 10,000 yuan per capita, increases of 43.2 and 42.2 percent respectively over the previous year.

Its gross industrial and agricultural output value amounted to 47 billion yuan, up 36.4 percent over the previous year.

A county official attributed the good result to deepening the reform and scientific upgrading; concentrating on the development of industry, especially the service trade; and leasing out small enterprises while organizing enterprise groups.

Last year saw the county's industrial enterprises spend 3.5 billion yuan on technical transformation and extending cooperation with research institutions.

Reportage on Shandong Secretary's Activities

Attends New Year Soiree

SK3112070493 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 30 Dec 93

[Excerpts] On 30 December the Nanjiao Guest House of Jinan was filled with a festive and joyous atmosphere, in which the provincial people's government, Jinan Military Region, and the Jinan city people's government, ceremoniously held the new year army-civilian soiree of 1994.

Attending the soiree were Jiang Chunyun, member of the CPC Central Committee's Political Bureau and secretary of the provincial party committee; Zhao Zhihua, deputy secretary of the provincial party committee and governor of the province; Zhang Taiheng, commander of Jinan Military Region; and Song Qingwei, political commissar of the military region.

Also attending the soiree were leading comrades from the provincial party committee, the provincial people's congress standing committee, the provincial people's government, the provincial Chinese People's Political Consultative Conference committee, the provincial discipline inspection commission, Jinan Military Region, the leading organs under the military region, the air force units under the military region, the provincial military district, and Jinan city; as well as the veteran comrades of the province and Jinan Military Region.

Zhao Zhihao and Zhang Taiheng successively delivered their speeches at the army-civilian soiree. [passage omitted]

During the soiree, literary and art workers and the leading comrades of the province and Jinan Military Region jointly presented their brilliant literary and art performances. The soiree was filled with an enthusiastic atmosphere of cherishing the people by the army and supporting the army by the people from beginning to end.

Zhang Ruifeng, vice governor of the province, presided over the soiree.

On the evening of that day, a film show was held in the Bayi Auditorium to mark the new year of 1994.

Gives 'Grain Handling Directives'

SK3112092293 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 30 Dec 93

[Text] Jiang Chunyun, secretary of the provincial party committee, handled official work on the spot among the province-run and Jinan-city-run grain stores on 30 December and gave grain handling directives in which he stressed: Party and government organs at all levels should do a good job in doing the seven practical things for the masses and enabling people throughout the province to have a peaceful and happy Spring Festival.

Yesterday is the first day in which all state-owned grain stores began providing an unlimited supply of grains and cooking oil by lowering prices and hanging a prices plate. Early in the morning that day, Secretary of the provincial party committee Jiang Chunyun, and Deputy Secretary of the provincial party committee and Vice Governor of the province Li Chunting were accompanied by responsible comrades of the provincial level departments concerned, on a trip to the provincial grains and cereal oil group corporation listen to a briefing, discuss measures, and make work arrangements for maintaining low prices for grains and cooking oil. The entourage then went to the grain and cereal oil foodstuffs center on Shengli Street to inspect the sale and supply of grains and to extend cordial regards to staff members and workers at the center. Jiang Chunyun pointed out: Rapid efforts need to be made to keep down the prices of grains and cooking oil and ensure market stability. He said: Localities in the east and west of the province incurred an overly large scale of price hikes in grains and cooking oil since the last 10 days of November. Attaching great importance to this, the provincial party committee and the provincial people's government stabilized grain prices by adopting effective measures in line with the spirit of directives of the CPC Central Committee and the State Council. Thus, grain prices in some localities have begun to recede. He said: Grain prices affect the whole situation and should be lowered as soon as possible so that the price of grains and other nonstaple foodstuffs are brought to a rational level by resolutely implementing the important policy decisions made by

the CPC Central Committee and the State Council, enhancing leadership, adopting measures, and by successfully conducting work.

Jiang Chunyun stressed: In order to enable the mass to clear their minds of doubt and misgiving, we should enhance propaganda and education to stabilize people's feelings and clearly tell the masses that the grain supply is ensured by sufficient storage of grain from this year's bumper harvests of grains and oil-bearing seeds. Allocation of the supply of grains and cooking oil, processing of grains, and promotion of sales in grains and cooking oil should be done well. State-owned grain centers should bring their major distributing role into play. All of them should conduct their sales with the plate of unified prices and at the lowered prices and provide unlimited supply. Efforts should be made to ensure the grain supply for large and medium-sized cities and disaster-plagued areas. The grain supply for higher and secondary educational institutions should be ensured along wholesale prices. Various departments as well as industries and trades should actively make contributions to stabilizing the grain prices and markets.

Jiang Chunyun pointed out: A good job should be realistically done to provide markets with a grain supply during the Spring Festival. Commodity distributing departments and enterprises on the commercial front should extensively open more channels, organize the sources of goods to enter markets, upgrade their service quality, and saturate the festive demands of the people. They should render delivery services for remote areas; the old, weak, sick, and disabled; households enjoying the five guarantees; and the family members of martyrs and servicemen.

Jiang Chunyun pointed out: An especially good job should be done in managing the livelihood of the masses in the disaster-plagued areas and the staff members and workers of enterprises suffering losses. Party committees and governments at all levels should immediately conduct examination over their living conditions and adopt every possible means to successfully deal with their practical difficulties. Meanwhile, we should launch a campaign of having rich households help. Wealthy areas and money-making enterprises should give a helping hand to disaster-plagued areas and fully express the superiority of socialist systems under the leadership of Communist party.

Jiang Chunyun stressed: A good job should be done in consolidating public security in a comprehensive way and maintaining production safety so as to ensure the absence of serious incidents concerning public security and production safety during the Spring Festival and to ensure that the masses feel safe. Efforts should be made to enrich the masses' festive cultural life and a good job should be continuously done in combating corruption and encouraging administrative honesty. We should resolutely block various malpractices, such as hosting banquets and presenting gifts with public funds as well as indulging in extravagant eating and drinking. We should

saturate the demands set by the party in this regard with our qualified work achievements.

On behalf of the provincial party committee and the provincial people's government, Jiang Chunyun extended festive greetings to the cadres, staff members, and workers on the province's grain front as well as to the people throughout the province in handling the official work on the spot. He wished the people across the province a happy new year and even greater achievements in the new year.

Inscribes New Daily

SK0101060694 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 31 Dec 93

[Text] Beginning on 1 January 1994, SHANDONG JINGJI BAO [Shandong Economic Paper] will be renamed SHANDONG JINGJI RIBAO [Shandong Economic Daily] and will change the periodicity of its publication from three times a week to every day.

Jiang Chunyun, secretary of the provincial party committee, and Governor Zhao Zhihao wrote inscriptions for this newspaper to extend congratulations.

The new SHANDONG JINGJI RIBAO will give prominence to actual results and its guiding role and readability, increase the weight on information, and contribute to invigorating Shandong's economy.

In Studio Audience of Satellite TV Show

SK0201064694 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 1 Jan 94

[Text] The Shandong Provincial Television Broadcasting Station sponsored a large and comprehensive literary and art soiree on the evening of 1 January, a special program transmitted through the satellite with regard to the province moving towards world-wide operation. This is a present given by the provincial television broadcasting station with its new 50-minute program to the broad audience of the masses on New Year's Day.

Coming to the studio of the provincial television broadcasting station to watch the performance with full zest were leading comrades from the provincial level organs, including Jiang Chunyun, Zhao Zhihao, Li Chunting, Li Wenquan, Han Xikai, Li Zhen, Lu Maozeng, Ma Zhongcai, Tan Fude, Song Fatang, Zhang Ruifeng, and Wu Aiying; and veteran comrades of the province, including Su Yiran and Qin Hezhen.

Prior to the soiree Han Xikai, deputy secretary of the provincial party committee, and Wu Aiying, vice governor of the province, cut the ribbon for the dedication of the province's communications satellite station on Earth and for the opening ceremony of the provincial television programs transmitted through the satellite.

Shandong's Export Earnings Increase in 1993

OW0101091994 Beijing XINHUA in English 0850
GMT 1 Jan 94

[Text] Qingdao, January 1 (XINHUA)—Shandong, one of China's major economically developed provinces, earned 5.7 billion U.S. dollars from its export in 1993, up 20 percent over 1992, according to Zhao Zhihao, governor of the province.

Meanwhile, the governor said, the province approved more than 7,000 overseas-funded enterprises with a total contracted foreign investment of six billion U.S. dollars, up 77 percent and 82 percent respectively over the previous year. The province actually utilized 1.6 billion U.S. dollars of overseas funds in 1993, 2.6 times that in 1992.

In the same year, the province set up over 100 enterprises abroad.

Wang Chuntao, director of the provincial committee of foreign trade and economic relations, noted that the province has made every effort to deepen the reform in the field of foreign trade and economic relations.

With the approval of the provincial government, another 11 prefectures and cities at the prefectural level, 10 counties and cities at the county level, and 52 productive enterprises as well as one research institute were given the right to engage in export and import. Altogether 221 enterprises in the province can now do business directly with overseas partners.

The province organized several successful trade fairs in local cities and in Hong Kong, Singapore, Japan and Indonesia. Its economic relations with Singapore were especially promoted by exchange of visits by high-ranking officials.

According to Wang, the Republic of Korea (ROK) has become Shandong's important trade partner. In the past year, the province exported 260 million U.S. dollars worth of goods to ROK whose investment made in the province in 1993 amounted to 590 million U.S. dollars.

Shandong's Gold Production Fulfills 1993 Quota

OW0201155494 Beijing XINHUA in English 1527
GMT 2 Jan 94

[Text] Jinan, January 2 (XINHUA)—Shandong, China's major gold producing province, fulfilled its 1993 quota for the precious ore by the end of November, XINHUA learned today.

The source declined to specify the amount produced.

Endowed with rich gold deposits, this east China province has for the past 18 years led the country in gold production. Its annual growth rate in gold produced has been more than ten percent since 1986.

Most of the state-owned, large gold mines performed well despite a shortage of funds and cost increases which affected many Chinese enterprises last year, according to sources.

Shanghai's Revenues Increase in 1993

OW0101075494 Beijing XINHUA in English 0721
GMT 1 Jan 94

[Text] Shanghai, January 1 (XINHUA)—The revenue of Shanghai, China's leading industrial center, reached 24.23 billion yuan in 1993, 30 percent more than that in 1992, according to the municipal Bureau of Finance and Taxation.

The local industrial and commercial taxes of the city amounted to 25 billion yuan in 1993, up 38.9 percent. The revenue of the Pudong new area, a newly opened development zone, surpassed one billion yuan, up 70.2 percent, the highest increase rate among all districts.

Zhou Youdao, director of the municipal Bureau of Finance and Taxation, attributed the achievements to the acceleration of economic development and establishment of a market economy.

Zhejiang Uses 'Foreign Experts' in Development

OW3112061693 Beijing XINHUA in English 0602
GMT 31 Dec 93

[Text] Hangzhou, December 31 (XINHUA)—East China's Zhejiang Province is enthusiastic about importing foreign intelligence to help its economic development.

A survey shows that the province has invited 250 foreign experts to work in industry and agriculture over the past three years.

Using an agro-technique imported from Japan, Zhejiang has harvested an additional 783.5 kg per ha on 10.88 ha of experimental farmland. The technique is now being promoted across the province.

With help from a German expert, the Hangzhou Steam Turbine Plant in this provincial capital has improved technological processes and modernized its products, which are now sold well abroad.

To attract more foreign know-how, the provincial government has worked out special preferential policies while encouraging localities to take good care of foreign experts.

Central-South Region

Guangdong Takes Measures To Control Grain Prices

11K3012025893 Beijing ZHONGGUO XINWEN SHE
in English 1403 GMT 29 Dec 93

[Text] Guangzhou, December 29 (CNS)—With the prices of grain and vegetable oil in Guangdong rising

rapidly, with such rises in some places exceeding 30 percent within a short period of time, the provincial government has taken five measures to control the sharp increase in this sector in reaction to people's complaints and to maintain price stability, the vice-governor of the province, Mr Ou Guangyuan said.

The five measures are, first, prices of grain and vegetable oil must be brought down as quickly as possible with state-owned stores throughout the province being obliged to sell rice at a fixed price before December 31.

Second, state-owned stores must become the main outlets guaranteeing the supply of grain and take the lead in controlling prices.

Third, the transportation of grain sold by the state must be speeded up.

Fourth, grain purchasing must be well handled to increase grain reserves.

Fifth, there must be strengthened supervision and management of the marketing of grain and vegetable oil. Before December 31, all state-owned stores must see that there is sufficient supply of grain in order to bring down prices and anyone found raising prices to speculate will be seriously dealt with.

Guangdong To Encourage Foreign Investors

*OW3012164793 Beijing XINHUA in English 1545
GMT 30 Dec 93*

[Text] Guangzhou, December 30 (XINHUA)—The Guangdong Provincial Government has decided to set up a new office in a move to attract more foreign funds and technology, a provincial official said today.

Xu Dezhi, director of the Provincial Commission of Foreign Economic Cooperation and Trade, said that the office, the Guangdong Provincial Foreign Investment Bureau, is due to open on New Year's Day.

The bureau will draw up Guangdong's annual and long-term plans for the introduction of foreign funds and will propose industries in which foreign companies will be encouraged to invest, as well as relevant policies, Xu told a news conference.

It will also regularly announce projects for foreign investors to choose from, he added.

"Our new bureau will help local companies hold trade fairs and other economic activities in other parts of the world, and will publicize Guangdong's investment environment and policies," he said.

Moreover, the bureau will work together with other provincial departments to decide on how to use foreign funds to retool existing companies and develop new and high technology, he said.

Xu Dezhi said that Lu Ruihua, executive vice-provincial governor, would be the chairman of the new bureau and be the vice-chairman.

Provincial government statistics showed that during the January-November period of 1993, Guangdong Province signed 17,115 cooperation contracts with foreign companies, involving 31.5 billion U.S. dollars in total overseas investment.

Electricity Provided to All Guangdong Towns, Counties

*OW3012043093 Beijing XINHUA in English 0210
GMT 30 Dec 93*

[Text] Guangzhou, December 30 (XINHUA)—With the last four villages in south China's Guangdong having been provided with electricity recently, the province has become China's first to achieve the electrification of all of its towns and counties.

Guangdong has also seen its electric power output leaping to first place in the whole country this year.

Since 1991 the provincial government has allocated about six million yuan a year to help provide and rebuild electric power facilities in remote rural areas.

During the past few years Guangdong has actively absorbed foreign investment and raised funds through different channels to develop its power industry.

The total installed capacity had reached ten million kw by the end of 1992, and an increase of about 3 million kw to 4 million kw is expected this year.

KAIFANG RIBAO Starts Publication in Shenzhen

*HK0101064094 Hong Kong WEN WEI PO in Chinese
1 Jan 94 p 5*

["Dispatch" by staff reporter: "KAIFANG RIBAO Starts Publication; Wang Qianghua Appointed Chief Editor"]

[Text] Shenzhen, 31 Dec—It is reported here that KAIFANG RIBAO [Open Daily], which is sponsored by the Special Economic Zone's Office of the State Council, is to start publication in Shenzhen on New Year's Day. Wang Qianghua, former deputy director of the China Press and Publications Administration, is its chief editor. The daily will carry an important 40,000-odd-character article entitled "China's Policy Decision and Practice of Opening Up to the Outside World." It is learned that an official in charge of the Special Economic Zone's Office of the State Council has spent quite some time writing this article.

Guangxi Inflation, Growth Figures Reported

*HK3112144693 Beijing ZHONGGUO XINWEN SHE
in English 1201 GMT 31 Dec 93*

[Text] Nanning, December 31 (CNS)—This year has seen the inflation rate in the Guangxi Zhuang Autonomous Region reach 18 percent and in the capital of Nanning 20 percent.

According to a region official, the inflation rate was still within an acceptable range for the residents there and more than 90 percent of them have shown little concern.

Statistics made at the end of this year showed an increase in the cost of living of 14 percent and three percent respectively for urban and rural residents, taking into consideration price rises.

The first half of the year saw inflation soar in Guangxi. In July, retail prices increased by more than 22 percent, the highest in recent years. In the latter half of the year prices gradually dropped as the result of macro-control and by November, retail prices, the cost of living and the prices of consumption goods dropped by 2.9, 1.7 and 3.1 percentage points respectively over October. By the end of this year, retail sales will have been more than RMB 30 billion, 18 percent up over 1992.

It is predicted that 1994 will also see double-digit economic growth. With large investment going into industry, construction and township enterprises, coal prices will increase, resulting in further price rises.

Hainan Ends 'Unauthorized' Administrative Charges

*HK0301101294 Beijing ZHONGGUO XINWEN SHE
in Chinese 0918 GMT 21 Dec 93*

[By reporter Mo Chengxiong (5459 2052 7160)]

[Text] Haikou, 21 Dec (ZHONGGUO XINWEN SHE)—The Hainan Provincial Government recently issued a circular, abolishing 22 unauthorized administrative charges.

The main administrative charges being abolished this time were various service fees, management fees, material costs, and cash deposits charged by the public security, industrial and commercial administrative, civil affairs, foreign affairs, grain management, transportation, commercial, financial, and taxation departments. For example, the public security department abolished the service fee for procedures to change household registrations, the license fee for taxi drivers, and the parking lot management fee. The industrial and commercial administrative department abolished the material costs of various certificates and booklets, and the service fee for handling business license applications. The civil affairs department abolished the fee for managing Chinese employees for foreign institutions in Hainan. The land management department abolished

the urban construction fee, the comprehensive resettlement fee, and the fee for planting trees in public places. The urban planning department abolished the comprehensive education fee.

The circular issued by the Hainan Provincial Government also stipulated that all city and county governments, all provincial administrative institutions directly affiliated to the provincial government, and all fee-charging institutions will terminate the formulation and implementation of fees similar to the abolished items mentioned above.

The circular specified that the abolished administrative charges will be stopped completely as of 11 December. Those violating this stipulation will be seriously penalized.

'Disgruntled Employee' Triggers Hunan Explosion

*HK0201092494 Hong Kong AFP in English 0841 GMT
2 Jan 94*

[Text] Beijing, Jan 2 (AFP)—A disgruntled employee set off a massive blast at an explosives factory in southern Hunan province which killed 61 people, including himself, the Beijing Youth News [BEIJING QINGNIAN BAO] reported in its weekend edition. Many more were injured in the explosion on November 26 that completely destroyed the factory's main workshop, causing damage estimated at 2.5 million yuan (300,000 dollars), the newspaper said. Among the dead were four officers from the northwest Lanzhou military region who were visiting the factory. The shock waves from the blast hit a further 22 employees in another workshop some 100 meters (yards) away, killing three.

A top-level investigation into the incident was launched by the ministries of public security and national defence, and the leadership of the Guangzhou military zone which includes Hunan province, the report said. Initial enquiries have blamed the explosion on a young worker, Tan Zhixin, who had been censured by factory officials for gambling and had a request to join the unit's driving pool turned down.

On November 26, Tan reportedly told his friends over lunch in a restaurant that he had to eat and drink well because he intended to blow up the workshop and kill himself in the process. Later that afternoon, Tan entered the workshop with a number of detonators which he used to set off the explosion, the newspaper said.

North Region

Reports on Activities of Beijing Secretary

Views New Overall Urban Plan

*SK0301080294 Beijing BEIJING RIBAO in Chinese 18
Dec 93 p 1*

[Text] The Beijing Planning and Construction Commission held a chairman's meeting on 17 December.

Chairman Chen Xitong stressed: Beijing's new overall urban plan indicates that the urban planning and construction of Beijing has entered a new stage, and it must be upheld strictly upheld.

This meeting was the first chairman office meeting since the readjustment of the component members of the Beijing Planning and Construction Commission. Chen Xitong, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal CPC Committee, continues to serve as chairman of the commission; Li Qiyan, mayor of Beijing Municipality, serves as first vice chairman of the commission; and Hou Jie, minister of construction, Zhang Baifa and Wang Baosen, executive vice mayors of Beijing, Zhang Kezhi, deputy secretary general of the State Council, Yao Zhenyan, vice chairman of the State Planning Commission, Liu Mingpu, deputy director of the General Logistics Department of the People's Liberation Army, Chu Chuanheng, former vice minister of construction and chief planner, and Xuan Xiangliu, secretary general of the Beijing Planning and Construction Commission, serve as vice chairmen of the commission. Zhao Zhijing serves as director of the office of the Beijing Planning and Construction Commission.

The meeting's participants listened to the report made by Ke Huanzhang, president of the Beijing Research Institute for Urban Planning and Design, on implementing the written reply of the State Council on Beijing's new overall urban plan. Beijing Municipality will muster an appropriate period of time next year to energetically publicize this plan to make every household aware of it.

Chen Xitong said in his speech: The important written reply of the State Council on Beijing's new overall urban plan is great support and encouragement to future construction and development in Beijing. The new overall plan is a trans-century project suiting the new situation of carrying out reform and opening up, establishing the socialist market economy, and accelerating the development of urban areas. He said: Planning is the dragon's head of construction and development and is an important lesson. Thus, we should conscientiously study and explore it. When viewed from the experiences gained from our practice and from the experiences gained by some cities in foreign countries, overall planning must be strictly upheld without any confusion. In carrying out the plan, we must have a hard heart and strict demand and should not be afraid of giving offense. Anyone obstructing this plan should not be tolerated and no one should change the plan. Overall planning for the capital is all the more influential and thus, it should be upheld in an even stricter manner. Beijing must depend on the guidance of the Ministry of Construction and on the endeavor of all fields to build itself well in line with better planning under the leadership of the central authorities.

Li Qiyan said in his speech: Urban construction and development of Beijing has garnered the great support of

various central party, government, and military departments. We hope that these departments will continue to vigorously support the implementation of the State Council's written reply and Beijing's new overall plan.

Discusses Minority Cadre Training

SK3112003893 Beijing BEIJING RIBAO in Chinese 17 Dec 93 p 1

[By Reporter Sun Yushan (1327 3768 1472) and Correspondent Xia Lixin (1115 7787 2450) "It Is Necessary To Create a New Situation in Training and Promoting Minority Cadres"]

[Text] Leading personnel at all levels throughout the municipality should fully discern the significance of training and promoting minority cadres and adopt realistic measures to create a new situation in this regard. This is the content stressed by Chen Xitong, secretary of the municipal party committee, in his speech made at the municipal work conference on 16 December on training and promoting minority cadres.

The work conference is chiefly aimed at discussing and arranging the work of how to do a good job in training and promoting minority cadres in the course of accelerating reform, opening up, and economic construction in the 1990's. It is aimed at summarizing and exchanging the achievements and experience gained by the municipality in the work of handling the affairs of minority cadres and at putting forward specific opinions and demands for the municipality to train and promote minority cadres.

In his speech Chen Xitong pointed out: A fraternal relation is existing among various nationalities throughout our country. Both minority nationalities and Han Nationality are the member of the large Chinese national family and are brothers-in-arms. An equal relation also exists among them. Therefore, they should support and assist one another and in commonly become prosperous, developed, and well-off. It is imperative to deal with the relationship between minority nationalities and Han Nationality correctly. By no means should we indulge in Han chauvinism.

Chen Xitong said: Beijing Municipality has 410,000 persons of minority population that accounts for 3.8 percent in the total municipal population. The residence of minority people in Beijing has significance. Success with Beijing, the country's capital, in dealing with the relation between Han Nationality and fraternal minority nationalities will influence the country as a whole and even the world. Localities throughout the country are watching whether our country is as good as its word in enforcing its policies on nationalities' affairs. If Beijing is successful in enforcing the policies on nationalities' affairs that will be a good influence on the unity among various fraternal nationalities throughout the country. Localities that have minority residents should encourage their cadres of Han Nationality to do a good job with relations between them and minority cadres, and in

fostering unity between them. This is a sign indicating whether or not leading personnel at all levels have the art of leadership.

Chen Xitong stressed: The work of training and promoting minority cadres relates to the whole situation. The hostile forces are adopting various measures in an effort to whip up the national split and to endanger the social stability, nationalities' unity, and the country's unification. Only by realistically enhancing the party's leadership and making efforts to train a large number of minority cadres who have both ability and political integrity, resolutely support the country's unification and nationalities' unity, maintain a close tie with the mass, and are reliable in leading the minority people and fostering unity among them, will we be able to withstand many a storm or test. The harmony in the people of Han nationality, minority nationalities and the family style unity fostered by them in Beijing are just. Because of them, there are a large number of representative personages and leading cadres of minority nationalities, who have done a great deal of work in safeguarding the country's unification and nationalities' unity. During the forum sponsored by Chen Xitong with voters in Xuanwu district, a compatriot of Hui Nationality said: There are bounds among various nationalities but there are no bounds in serving the people. Such splendid words from him have fully reflected that the compatriots of minority nationalities in Beijing are conscious. Party committees at all levels in localities with minority population should attach special importance to training and promoting minority cadres and further expanding the proportion of minority cadres, including the proportion of deputies to people's congress and leading cadres. Efforts should be made to train new successors for these minority cadres and to adopt realistic measures to vigorously train the younger cadres of minority nationalities. The religious circles, the specialized organs in charge of minority nationalities' affairs, and the governmental organs at all levels should pay great attention to the work. They should formulate a work plan at an early date and must create a new situation when training minority cadres next year.

Chen Guangwen, deputy secretary of the municipal party committee, presided over and addressed the work conference. In his speech he urged various fronts and departments to summarize their work in training minority cadres, to find out their shortcomings, to define the work emphasis for the future, and to do a good job in conducting the work in a planned manner and in line with the set programs.

Delivering reports at the work conference were Shen Daoren, director of the united front work department under the municipal party committee; and Sha Zhyuan, director of the municipal civil affairs commission.

Attending the work conference were Chen Hong, vice minister of nationalities' affairs, and Li Zhijian, deputy secretary of the municipal party committee.

Hebei Secretary Inspects Meat Markets

SK0201063494 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 1 Jan 94

[Excerpt] Yesterday was New Year's Day of 1994. While the people across the province were celebrating their festival, Cheng Weigao, secretary of the provincial party committee; Governor Ye Liansong; Li Zhanshu, member of the provincial party standing committee; and Guo Hongqi, vice governor of the province, inspected markets in the seat of Yuanshi County. Riding in the same bus for the inspection tours were leading personnel from Shijiazhuang city and responsible comrades from the provincial industry and commerce bureau, the provincial grains bureau, and the provincial commodity price bureau.

At 0830 yesterday Cheng Weigao said to the accompanied personnel as soon as he got on the bus: Our inspection emphasis will be concentrated on the problem of injecting water into meat. Ye Liansong said: Regardless, injecting water into pork or chicken is illegal. Cheng Weigao said: He never knows the water injection of pork and it is a really fantastic story. Injecting water into pork means to replace meat with water and to use trickery. Such cases must be strictly handled as soon as they have been exposed.

At about 0900 that day, the bus arrived at the seat of Yuanshi County. Cheng Weigao, Ye Liansong, and the accompanied personnel walked along the street after they were off of the bus and inspected, one by one, the stands and shops on both sides of the street. When inspecting the pork markets, Cheng Weigao and Ye Liansong held talks with the butcher, named (Cui Kou), who is more than 60 years old and has been in the meat business over the past twelve years. All meat he has sold is from his own hogs and bought by him from outside places. He was not aware of the inspection conducted by the provincial leadership. Cheng Weigao asked him whether his pork had been injected with water. While continuously chopping his meat, (Cui Kou) answered: No, no, I never do that and never do things mean. Ye Liansong asked him whether he has bought diseased hogs. (Cui Kou) said: I have bought two hogs of that kind. Ye Liansong asked how he handled them and whether he had sold them. He stopped chopping his meat this time, (Cui Kou) said: Such pork must not be sold and I have handled all of them. I would lose a family fortune if such a sale were exposed.

After consecutively inspecting several meat stands and shops, the leading personnel discovered no meat with injected water and the meat prices were relatively rational.

After leaving the meat markets, Cheng Weigao and other personnel went into a meat foodstuffs center run by a couple whose boss is called (Zhang Liguao). After inquiring about the channels of ordering goods, pork prices, and profit situation, Cheng Weigao said to him:

Being the managers of an individually run business, you should first pay attention to stressing professional ethics, food sanitation, and credit.

On the afternoon that day, leading personnel including Cheng Weigao entered the first grains and cooking oil center under the Yuanshi County Grains Storehouse just as soon as its doors were opened. They discovered a plate with rational prices of grains and cooking oil and were satisfied with the center's genuine goods at a fair price.

After their inspection activities, Cheng Weigao and Ye Liansong were interviewed by the reporters. Cheng Weigao said: Today is New Year's Day. During the new year the central authorities will accelerate their pace in reform that is aimed at developing productive forces and upgrading the people's living standard. Therefore, in conducting reform, units at all levels should safeguard the vital interest of the people and do a good job in dealing with the problems that should not occur. For example, pork has been injected with water and steamed buns have been cooked with sulfur. All of this has been caused by the bureaucracy. There are almost 1,000 personnel in the Shijiazhuang city industry and commerce bureau and how could these personnel fail to successfully deal with these problems? He declared on the spot that we will find the industry and commerce bureau to blame for the recurrence of such problems and that will prove that leadership has not performed its duties totally and effectively. [passage omitted]

Tianjin Port Plays Role in Opening Up

OW0301130094 Beijing XINHUA in English 1247
GMT 3 Jan 94

[Text] Tianjin, January 3 (XINHUA)—Total import and export trade volume achieved through Tianjin port last year topped about 10 billion U.S. dollars-worth, almost 20 percent more than in 1992, according to figures just released by the Tianjin customs department.

Among imported commodities through the port, automobiles, rolled steel, metal cutting machinery, tools and equipment needed by overseas-funded enterprises here in China have seen a large growth.

Meanwhile, the amount of imported fertilizers, plastic materials and paper pulp went down by a big margin last year.

Last year also saw more clothes, Coke and cashmere made and produced in China flow into the international market through Tianjin port, while less grain, aquatic products and pig-iron were exported.

Northern China's provinces still held the largest share in the import and export trade through Tianjin port, although that of southern and central China provinces has increased somewhat.

Tianjin port now has a throughput capacity of about 35 million tons with more than 40 deep-water berths and China's largest container wharf.

As the drive of economic reform and opening-up is stepping up, more and more interior provinces and cities in north and west China, including Beijing, find Tianjin port most ideal for their imports and exports.

Northeast Region

Reportage on Liaoning Secretary's Activities

Discusses Propaganda Work

SK0301081494 Shenyang LIAONING RIBAO in
Chinese 4 Dec 93 pp 1, 2

["Excerpts" of speech by Gu Jinchu, secretary of the Liaoning Provincial CPC Committee, delivered at the provincial conference of propaganda directors on 1 December]

[Text] This provincial conference of propaganda directors has been very good. It made comprehensive arrangements for the province's 1994 propaganda and ideological work. After this conference, all comrades should arrange next year's propaganda and ideological work well in line with the guidelines of this conference and the specific conditions of all localities and departments.

The propaganda and ideological fronts have always been very important because a very important advantage of our party is its ability to mobilize and organize the masses through propaganda and press work. Without this work, our party will have no advantage, and neither will our political work. This was true in the revolutionary period and will still be true when the party's work focus is shifted to economic construction. At no times should we neglect the party's propaganda and press work. Propaganda and press work is needed in our efforts to arm the entire party and the masses with Marxism-Leninism-Mao Zedong Thought, especially with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Propaganda and press work should also be in the lead in our endeavor to implement the party's line, principles, and policies. Conditions are continuously changing in the socialist undertakings we are developing, and we are always faced with the issue of how to correctly understand the changes. This also requires that we use propaganda and press work to guide the masses to correctly understand the objective things and unify their thinking. In short, we should have correct ideology as the guide and do a good job in propaganda and press work if we are to make all our work successful. Therefore, propaganda and press work and ideological and political work are very important at all times. It represents the party's trust and is very glorious for you, comrades, to engage in the work. Our province has done a very good and effective job in propaganda and ideological work. It has provided the entire country with many good experiences in deepening reform, opening wider to the outside world, and developing economic construction. This has been done through propaganda and ideological work and, therefore, embodies the painstaking efforts of our propaganda and ideological

workers. On behalf of the provincial party committee, I will extend thanks to comrades on the propaganda and ideological fronts.

Now, I will speak on some views on how to make Liaoning's propaganda and ideological work even better.

First, to make propaganda and press work successful, a very important issue is the need to always adhere to the party's basic line to promote economic construction and other work. Currently, an important task for us is to comprehensively publicize and implement the guidelines of the third plenary session of the 14th party Central Committee. In particular, we should give priority to key areas according to Liaoning's reality. The ninth plenary session of the seventh provincial party committee approved the "opinions" on implementing the guidelines of the third plenary session. The "opinions" concern the general demand on Liaoning's implementation of the guidelines of the third plenary session, the guiding thoughts we should adhere to, and other work, especially the work closely related to the market economy, such as how to enter the market economy by deepening reform and opening wider to the outside world. Therefore, we should successfully implement the guidelines of the ninth plenary session of the seventh provincial party committee, with the focus on the "decision" of the third plenary session.

Second, to make propaganda and press work successful, we should have the ability to give priority to key aspects. What are Liaoning's key aspects? The ninth plenary session of the seventh provincial party committee held that priority should be given to the following three aspects: 1) The modern enterprise system should be popularized in state-owned large and medium-sized enterprises. The modern enterprise system represents the direction of the in-depth enterprise reform and the basic way to invigorate state-owned enterprises. Whether state-owned enterprises can be invigorated and enhance their strength as soon as possible is an issue determining whether the mainstay of the socialist market economy can be strengthened. When large and medium-sized enterprises lack strength, the mainstay of the market economy cannot take shape, and it will be difficult to establish the socialist market economy system. Therefore, we should have a sense of urgency and never take a wait and see attitude toward invigorating large and medium-sized enterprises. Comrade Xiaoping said that we should have the courage to experiment and blaze new trails for endeavors whose worth we are certain. Many years of reform and past experience show that the modern enterprise system should be popularized if state-owned large and medium-sized enterprises are to be invigorated. State-owned enterprises will have been truly pushed to the market when the modern enterprise system is popularized. Therefore, an issue we should study with great effort is how to implement to the letter the modern enterprise system in line with the reality of enterprises. Enterprises are currently faced with problems and difficulties in many areas. It should be easier to popularize the modern enterprise system in good and

fairly good enterprises, and this will also provide very good experiences to difficult and fairly difficult enterprises. 2) We should deepen the rural reform and, on the premise that the responsibility system that has the household-based and output-related contract as the major form and the dual-management system that combines unified management with the persistent institution of independent management, actively develop high-yield, good-quality, and high-efficiency agriculture. We should properly facilitate intensive management and management of scale, greatly develop township enterprises, establish rural socialized service system more rapidly, and speed up construction of small cities and towns. Aiming at increasing peasants' income, we should accelerate the development of various rural undertakings so that rural commodities can all enter the market. Township enterprise development, in particular, plays a leading role in increasing the rural per capita income, shifting the rural surplus labor forces, promoting intensive management and management of scale, and effecting a change in the outlook of the entire rural area. Therefore, we should give priority to great development of township enterprises when carrying out rural work. 3) We should speed up establishment of the market system. Judging from the current conditions in establishing the market system, the markets for means of subsistence, consumer goods, and tangible materials have been built more rapidly, the markets for means of production, essential elements of production, and intangible materials have been built slowly, and futures markets have been built even more slowly. Therefore, we should give priority to the markets for the essential elements of production and speed up their construction. The provincial party committee holds that priority should be given to the above-mentioned three key aspects to promote other work. They represent not only the key aspects of economic work but also the key aspects of propaganda and ideological work.

Third, propaganda and press work must play a leading and encouraging role, and prevalence of erroneous public opinion on the propaganda front should be prevented. We should always use the theory of building socialism with Chinese characteristics and the party's line, principles, and policies to guide the vast number of cadres and the masses and continuously boost their morale. In this way, we will be able to make the good situation still better, overcome unfavorable factors, and turn negative factors into positive ones. To achieve this, we should summarize and disseminate some good typical examples, methods, and experiences. This is very important. We may also criticize and expose problems, but they should be followed by results. This should still play an encouraging role because it is yet another method to mobilize cadres and the masses to overcome their deficiencies, solve existing problems, and promote work. These two aspects of work supplement each other, but guidance with positive examples should be the major method. Everybody has both strong points and weak points. Pointing out their weak points may not result in overcoming their weak points. We need to work on

affirming and commending their strong points so that they can use their strong points to overcome their weak points and use their correct ideas to overcome incorrect ideas. Taking advantage of people's characteristic of having a strong sense of self-respect, which in itself is motivating, we should do a good job in giving guidance through positive examples. When the masses' enthusiasm is boosted, many difficulties will be conquered. This is also the case with improvement of leading bodies. It might not work if we only criticize a person's defects. After overall appraisal, if we affirm the major achievements of a cadre and then point out his defects, it will be easier for the cadre to admit his deficiencies and overcome them rapidly. Therefore, propaganda and press work should have the ability to lead and encourage the people and to guide them to carry forward fine traditions, good work styles, and good experiences.

Fourth, propaganda and press work should conform to the ideological line of emancipating the mind and seeking truth from facts. This is an important guarantee to win the trust of the masses and achieve good results in propaganda. Adherence to the ideological line of emancipating the mind and seeking truth from facts is an issue concerning work attitude, realistic spirit, and correct understanding of objective things. In doing propaganda and press work, we should make it conform to the reality of the period as much as possible, master the trend in the changes of things, and also guide things to advance in a correct direction. To achieve this, we should explore the necessary work procedure in addition to being conscientious and responsible in doing work.

In each period of great change when central authorities transmit important guidelines, we all face the issue of how to correctly understand and implement them. Under such circumstances, it is very important what public opinion will prevail in propaganda and press front. In publicizing central guidelines, we should not only follow them closely, but we should also refrain from overstepping the boundary, which will lead to problems. Therefore, in doing propaganda and press work, we should not only have sharp-witted ideas, the ability to discover new things, and the courage to publicize them, but we should also have a good command of principles, strictly abide by propaganda discipline, and avoid the misleading role of propaganda. It is often not easy for most people to accept new things and new experiences at the beginning. It is the propaganda and press units that should be the harbingers. How can new things and new experiences be accepted by most people if we do not vigorously create public opinion? If the propaganda and press front lacks sensitivity and still persists as though in a planned economy, we have no hope. Comrade Xiaoping's inclusion of emancipating the mind in our party's ideological line indeed represents significant developments in Marxism. It is metaphysics to view things as stagnant and static. Dialectical materialism views things in a continuous flux. To see the law governing the changes in the development of things, we should emancipate our minds and remain keen toward fresh things.

Meanwhile, we also require that propaganda and press work be carried out in line with principles and in unity with the central authorities. We should never be vague on this. Maintaining unity with the central authorities is not contradictory to the effort in creation and development based on one's specific conditions and in being good at summarizing new experiences.

Fifth, to make propaganda and press work successful, we must often investigate and study life's realities. Our party has always emphasized the need to persist in the work style of going deep into the reality of life to conduct investigation and study and the need to respect the creative spirit of the masses. We should often go deep into the reality of life to conduct investigation and study if we are to make propaganda and press work vivid, lively, and capable of coping with problems. Only when we turn to the masses and the reality of life can we summarize good experiences and good ideas to replenish our minds and acquire a more comprehensive and complete understanding of all things.

Investigation and study should focus on our central work. In-depth investigations are currently needed on the following aspects: 1) what problems do all fronts encounter in in-depth reform, that hinder the development of productive forces and the promotion of work; 2) how does the unitary planned economy primarily influence and manifest itself in all layers, and what are the problems that need solution; 3) regarding the endeavor to open wider to the outside world, what fields need further opening, to whom should we open to, and what advantages do our development zones have; 4) concerning the product mix and industrial structure, what products and industries cannot be replaced by others, what products and industries are at the same level as other provinces, and how can we surpass this level through development, and 5) undertakings that have inherent relations. For example, how can some large enterprises that are in a slump and some township enterprises that urgently need development, coordinate the advantages of large enterprises in personnel, equipment, management, and funds with the needs of township enterprises, and have large and medium-sized enterprises learn from the mechanisms of township enterprises? We should conduct systematic investigations on the above-mentioned questions and study measures to resolve them. Conducting investigation and study is an issue concerning whether the propaganda and other fronts can implement the central guidelines to the letter in line with Liaoning's reality and whether they can effectively guide Liaoning's undertakings to advance.

In short, the propaganda and press front is very important in the new situation in which reform is deepened and opening up is expanded. The work of this front has a bearing on whether our party has strong leadership and can truly guide cadres and the masses to avoid detours and deviation in building socialism with Chinese characteristics and whether the healthy trends in society can be developed and some ugly and unhealthy trends can be

checked quickly. Therefore, it is hoped that party committees at all levels, especially their top leaders, will attach importance to the work of this front and make it successful. It is also hoped that all localities will conscientiously implement the guidelines of this conference of propaganda directors and truly take economic construction as the central task and development as an essential criterion.

Gives Directives on Rural Economy

*SK3012095293 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 29 Dec 93*

["Special Dispatch" report from the station's theoretical reporter from the province's rural work conference: "How To Help Peasants Hold Their Ground in Markets"]

[Text] For people throughout Liaoning, the year of 1993 is inspiring. As of 1993, the province has consecutively stabilized its grain output of more than 15 billion kg in the last four years. The province has basically become self-supporting in its supply of grains and major non-staple foodstuffs. The long-standing economic pattern with its large portion of industrial production and small agricultural production portion has incurred fundamental change. This is a historical breakthrough made by the province in its economic development. However, the major topic discussed at the provincial rural work conference was not aimed at maintaining the achievements. Opinions raised at provincial rural work conferences by attendants from units at province, city, county, and district levels were concentrated on how to guide peasants to enter markets and how to deal with the deep-rooted problems of rural areas.

During the discussion at the provincial rural work conference (Ding Zhonghuo), mayor of Kaiyuan city, described problems they ran into the city's called on peasants to plant a large number of hawthorn trees and to greatly develop the production of wild sesame over the past few years in order to help peasants increase their incomes. It was unfortunate that the 7.5 million tonnes of hawthorns produced this year were not sold out and peasants who had engaged in the cultivation of wild sesame also suffered losses. Thus, the government's good deeds for the people have ended in complaints being heard everywhere.

After hearing the speech made at the discussion by the mayor of Kaiyuan city, Gu Jinchu, secretary of the provincial party committee, said: This experience shows us that we no longer need to do such things without [words indistinct]. He urged leading personnel at all levels to make more efforts in the future to study the affairs of markets, to establish markets, and to do a good job in conducting market management. Efforts should be made to reduce the blindness in the rural work and to deal with in a down-to-earth manner, the problems

encountered by peasants who have already entered markets so as to enable peasants to hold their ground in markets.

In discussing the issue of developing secondary and tertiary industries during the provincial work conference, the participating personnel from various counties and districts generally professed a shortage of funds. (Zhang Hong), secretary of the Dongming district party committee in Shenyang, voiced his opinions during the discussion and said: The 80 percent of investments made in the secondary and tertiary industries of Dongming district in 1993 come from funds raised by peasants. Participants at the discussion were surprised by continuously nodding their head. Many participating comrades said: Developing secondary and tertiary industries at county and district levels by depending on banks, loans, and [words indistinct] is not a good long-term method. We should share development with rural areas and develop systems of shareholding and cooperation in rural areas with peasants who possess funds.

It was pointed out at the discussion that currently, the slow progress in purchasing grains was a prominent problem that will result in large differences in grain prices. Turning the contract for purchasing fixed-quota grains into an economic contract for procuring grains will cause deep-rooted problems of distrust between the government and peasants. In citing the issue of how to establish a rational mechanism of grain purchase and sale to foster the mechanism of the province's grain markets, Gu Jinchu, secretary of the provincial party committee, put forward the following three principles: 1) Efforts should be made not only to take the state interests into consideration but also to give more profits to peasants. 2) Attention should be paid to building small cities that may serve as bridges to the advance of rural areas into markets. 3) Efforts should be made to regard changes in several rural policies as supportive, keep up with the ideological education conducted among peasants, make formal deals with peasants, and refrain from neglecting the ideological education of peasants.

Discusses Rural Economy

*SK3012035193 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 29 Dec 93*

[Text] The provincial rural work conference ended in Shenyang on 29 December. Attending the work conference were leading personnel from the provincial party committee, the provincial people's congress, the provincial people's government, and the provincial Chinese People's Political Consultative Conference committee, including Gu Jinchu, Yue Qifeng, Quan Shuren, Sun Qi, Wang Huaiyuan, Zhang Guoguang, Shang Wen, Li Guozhong, Xu Wencai, Wen Shizhen, Yu Junbo, Xiao Zuofu, (Nie Zhaozhong), Zhao Qi, and (Sun Yukun).

Governor Yue Qifeng presided over today's session of the work conference at which Gu Jinchu, secretary of the provincial party committee, delivered a report entitled

"Emancipate Minds and Deepen the Reform To Improve Agriculture and the Rural Economy to a New Level".

In his report Gu Jinchi said: Over the past few years, our province has consecutively reaped a bumper harvest in agriculture and created a new record in grain production every year. It has achieved stable development in the production of forestry, animal husbandry, sideline cultivation, and fishery. It has also made a historical breakthrough in developing township enterprises. Such achievements scored the province have resulted from earnestly implementing the party's line, principles, and policies since the Third Plenary Session of the 11th CPC Central Committee; and from emancipating minds, changing the concept, and following a correct road. These achievements have also resulted from the arduous struggle launched by the broad masses of cadres and people throughout the province. He said: Firmly regarding agriculture as a foundation in conducting economic construction represents the fundamentally guiding ideology fostered by our party in a long time and also represents an important component of the theory of building socialism with Chinese characteristics. The prominent role played by agriculture in Liaoning Province that is with a large proportion of industrial production and a large number of urban population has become more obvious. He stressed: The party committee at city and county levels should give its working emphasis and major energy to the rural work. Following the rural work conference, various localities should go into action immediately to implement in a down-to-earth manner the spirit of the work conference and do a good job in conducting the work in various fields for the winter-spring period.

Attends New Year Soiree

*SK3112070393 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 30 Dec 93*

[Text] On the evening of 30 December, provincial and Shenyang city leaders, army officers and men stationed in Shenyang, and representatives of people from all walks of life held a grand New Year soiree to greet the coming year at Liaoning People's Theater. They chatted cheerfully about the tremendous achievements of the army and local people in reform, opening up, economic construction and double-support work since this year and expressed that they would conscientiously implement the guidelines of the 14th party congress in the coming year, earnestly study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, share the common fate of the army and the people, work hand in hand and side by side, and make new and greater contributions to invigorating Liaoning.

Attending the soiree were leaders of the province and the locally stationed army and veteran comrades, including Gu Jinchi, Quan Shuren, Yue Qifeng, Sun Qi, Zhang Guoguang, Shang Wen, Li Guozhong, Xu Wencai, Yu Junbo, Wen Shizhen, Xiao Zuofu, Yu Xiling, Chen

Suzhi, Li Jun, Gao Jizhong, Qi Zheng, Ma Pinfang, Guo Feng, Zhu Chuan, Luo Dingfeng, Wang Guangzhong, Zhao Qi, Liu Tenghao, Zuo Kun, Yu Qingqing, (Xu Lianyun), (Wang Jianhong), Cai Gongjie, (Fang Wangqing), (Liu Wanhai), (Xu Lingping), Xiang Jingyuan, (Gao Jiangpeng), (Yang Surong), (Zhang Chuanshu), (Li Wen), and (Chen Daowu).

This new year branch soirees are also being held in Zhonghua Theater and Nanhu Theater.

Liaoning Cracks Down on Illegal Emigration Case

*SK0301023694 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 2 Jan 94*

[Text] On New Year's Eve, the border-defense inspection station at the Bayuquan Harbor in Yingkou city cracked down on an illegal emigration case by cooperating with the departments concerned.

On 12 December six persons, including (Wu Yanguang) and (Wang Xingwu), from Changting County in Fujian Province, flew to Dalian from Fuzhou. The trip was arranged by (Zheng Yuguan), head of a local illegal emigration ring. They were waiting to leave the country there. A certain individual called Wang, head of the illegal ring at the Bayuquan Harbor, hid the six illegal emigrants in the cargo hold of a foreign ship on the early morning of 18 December after his several-day scheme. When the foreign ship was sailing on the sea area of Yantai, the ship's crew discovered the stowaways. In line with the relevant regulations, the ship's captain handed over the six illegal emigrants to the embankment inspection station. Upon receiving the report sent by the embankment inspection station of Yantai, the border-defense inspection station at the Bayuquan Harbor dispatched its personnel to Yantai to take the stowaways back, captured the individual called Wang and detained him for investigation, and cooperated with the local public security organs in line with the clues confessed by the stowaways. The case is being further investigated.

Liaoning To Merge Two Development Zones Into One

*SK0101055494 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 31 Dec 93*

[Text] The Dandong city party committee and government have decided to merge Dandong Yanjiang Development Zone into Dandong Border Economic Cooperative Zone for unified management.

With the approval of the State Council, the Dandong Border Economic Cooperative Zone was formally established last July. At present, 56,000 square meters of standard factory buildings have been developed and construction has been completed in this zone. Investments and capital invited to the zone totalled \$33.43 million; 27 items are under consultation; and 166,000 square meters of land-use right were sold.

Dandong Yanjiang Development Zone is a new technological development zone, which is one of the development and construction projects of Dandong city. Over the past two years, this zone has attracted 480 million yuan in capital. At present, it has nearly 800 registered

enterprises and realized 2.27 billion yuan in business volume and 29.59 million yuan in taxes. The amalgamation of these two zones will enable them to complement each other with their strong points and help promote the opening up of Dandong city to the outside world.

XINHUA Reportage on Cross-Strait Hijackings**ARATS: 'Substantial Progress' in Talks**

OW'0201130294 Beijing XINHUA Domestic Service in Chinese 0629 GMT 31 Dec 93

[Text] Beijing, 31 Dec (XINHUA)—A negotiating team from the Association for Relations Across the Taiwan Straits [ARATS] held working negotiations with the Straits Exchange Foundation [SEF] in Taipei [Taipei] from 18-22 December on implementing agreements pertaining to the Gu-Wang talks. They specifically discussed the issue of repatriating hijackers across the Taiwan Strait. A reporter interviewed an ARATS official on this issue.

The official said: The recent round of negotiations focused on the repatriation of hijackers across the Taiwan Strait. During the negotiations, we made substantial progress and achieved major consensus. The two sides unanimously held that hijacking airliners through violent, coercive, or other means is a serious crime, that it should be punished sternly, and hijackers should, in principle, be repatriated without exception. On the basis of this understanding and through serious consultations, the two sides initially laid out the basic stylistic framework for an agreement on cross-strait repatriation of hijackers while leaving the language of such an agreement to further discussion.

According to the official, the basic stylistic framework for an agreement on cross-strait repatriation of hijackers covers, by and large, the scope of applicability, the principles of repatriation, compulsory measures, repatriation requests and methods, and handovers. It is understood the agreement will apply to people on either side of the Taiwan Strait who hijack an airliner from one side and divert it to the other through violent, coercive, or other means. In principle, Mazu and Mawei will be used as handover points in any seaborne repatriation operation; the two sides also agreed to select Jinmen and Xiamen as handover points in light of their actual needs.

According to the official, negotiators from the two organizations signaled the need for their organizations to carry on negotiations on the issue of repatriating hijackers at an early date and to hold further consultations on the wording of several clauses in the related document in the interest of reaching an agreement at an early date.

Repatriation 'Basic Framework' Reached

OW'3112135393 Beijing XINHUA in English 1324 GMT 31 Dec 93

[Text] Beijing, December 31 (XINHUA)—Organizations from the mainland and Taiwan have agreed to form a basic framework for an agreement on hijackers' repatriation across the Taiwan Straits.

Officials from the Association for Relations Across the Taiwan Straits (ARATS) of the mainland and the Straits

Exchange Foundation (SEF) of Taiwan agreed to hold further talks as soon as possible to negotiate the repatriation of hijackers so as to reach a formal agreement.

A senior official from ARATS told XINHUA today that the negotiations between the two sides from December 18 to 22 in Taipei had made major progress as the two sides have achieved important common ground and formed a basic framework for the agreement on repatriation of hijackers. Airliner hijacking has become a serious problem since early this year.

The two sides agreed in principle that hijackers must be repatriated and punished severely, as hijacking civil airliners is a serious criminal activity.

The framework of the repatriation agreement involves the scope of repatriation, principle of repatriation, coercive measures and the way of repatriation and handover, according to the official.

The planned agreement applies to persons from both sides of the Taiwan Straits who hijack civil aircraft to the other side.

The official said that although exact wording of the agreement is to be further discussed, Mazu and Mawei ports will be the places for handover and Jinmen and Xiamen may also be possible venues for it.

Taiwan's Punishment of Hijackers Reported

OW'3112082293 Beijing XINHUA Domestic Service in Chinese 0638 GMT 31 Dec 93

[Beijing XINHUA Domestic Service in Chinese at 0855 GMT on 31 December transmits a replacement version canceling the following item, and requesting that newspapers use the replacement version; differences between the two versions are noted below]

[Text] Beijing, 31 Dec (XINHUA)—The departments concerned in Taiwan recently have said that aircraft hijackers will be punished. Liu Baocai and Huang Shugang, who hijacked a plane to Taiwan in April, have been sentenced to 10 years in prison; other hijackers are being tried. [the XINHUA replacement version renders the above sentences, from the beginning of the item, as follows: [Text] According to Taiwan press reports, Liu Baocai and Huang Shugang, who hijacked a plane to Taiwan in April, have been sentenced to 10 years in prison; other hijackers are being tried. Hijackers are not.... (rephrasing)] Hijackers are not permitted to apply for residence in Taiwan. [the XINHUA replacement version reads as follows at this point: ...residence in Taiwan. [new paragraph]

[Since the first airliner was hijacked to Taiwan, the Taiwan public has showed deep concern, saying that all hijackers should be repatriated to the mainland and those who used violence, coercion, and other means to hijack aircraft should be sentenced to death or life imprisonment without probation in accordance with relevant regulations. [new paragraph]

[It is reported that on 18 December, Ye Jinfeng... (adding paragraph, rephrasing)] On 18 December, Ye Jinfeng [Yeh Chin-feng], vice chairman of Taiwan's "Mainland Affairs Council," said that if the Association for Relations Across the Taiwan Straits and the Straits Exchange Foundation reach agreement on the question of the repatriation of hijackers from both sides of the Taiwan Strait, the 12 mainland hijackers who are currently detained in Taiwan will be repatriated to the mainland according to the principle of "taking into account past misdeeds." [the XINHUA replacement version renders the previous sentence as follows: ...according to the principle of "retroactivity." (rephrasing)]

It has also been learned that Gao Jun, who hijacked a plane to Taiwan on 8 December, has been in a state of depression during his confinement in a jail in Taoyuan. He attempted suicide on the morning of 23 December, but his attempt failed.

Further on Punishment

OW3112083693 Beijing XINHUA in English 0803
GMT 31 Dec 93

[Text] Beijing, December 31 (XINHUA)—Two hijackers, Liu Baocai and Huang Shugang, who hijacked a Chinese mainland airliner to Taiwan in April 1993, have been sentenced to a 10-year term of imprisonment respectively in Taiwan, according to Taiwan press reports.

According to the reports, all other mainland hijackers are still under trial and they are prohibited to apply for permanent stay in Taiwan.

Since the first mainland airliner was hijacked to Taiwan this year, the Taiwan public has showed deep concern, saying that all hijackers should be repatriated to the mainland and those who employed violent and coercive and other means to hijack aircraft should be sentenced to death or life imprisonment without probation in accordance with relevant regulations.

On December 18 this year, a vice-chairman of the "Mainland Affairs Council" of Taiwan had expressed the view that all 12 hijackers staying in Taiwan would be repatriated if the Association for Relations Across the Taiwan Straits from the mainland and the Straits Exchange Foundation from Taiwan reached an agreement on this issue.

It is also reported that Gao Jun, who hijacked a Chinese mainland airliner to Taiwan on December 8 this year, had attempted to kill himself on early December 23 in a jail. Local reports said he has been in low spirits there.

'Poverty' Motive For Nov Hijacking Attempt

HK3112103993 Hong Kong AFP in English 1021 GMT
31 Dec 93

[Text] Beijing, Dec 31 (AFP)—If some of those behind the 10 hijackings to Taiwan this year had political

motives, one Chinese man said he was trying to flee poverty, the Press Digest said in its latest edition received here Friday.

"We are so poor it's better if I try to hijack a plane to Taiwan," Gao Guangkai told his mother before making his failed attempt on November 26 to hijack a flight between the eastern city of Nanjing and Fuzhou. Gao, 29, is from a family of five children living in a village in the underdeveloped eastern province of Anhui. He was a temporary sawmill worker, the newspaper said.

The plane, which Gao threatened to blow up with a bomb concealed in his travel bag, finally landed at the airport in Hangzhou, 200 kilometers (120 miles) south of Nanjing. Gao was quickly apprehended by police. Gao's bag did not contain explosives, only a few personal effects and 26 yuan (four dollars), the newspaper said.

Ten Chinese planes were hijacked to Taiwan in 1993, although there were two other known attempts. The hijackers face lengthy prison terms in Taiwan and officials there refuse to return them to the mainland as demanded by Beijing.

ARATS Welcomes Beijing Visit by SEF Head

OW0101063494 Beijing XINHUA Domestic Service in
Chinese 0801 GMT 29 Dec 93

[Text] Beijing, 29 Dec (XINHUA)—The Association for Relations Across the Taiwan Strait [ARATS] sent a letter today to Taiwan's Straits Exchange Foundation [SEF], welcoming plans by SEF Vice Chairman and Secretary General Jiao Renhe to visit Beijing in mid January.

In reply to an SEF letter inviting a suitable ARATS official to visit Taiwan for a "face-to-face consultation on SEF-ARATS affairs," ARATS on 20 December sent a letter to the SEF, expressing consent. However, in its second letter to ARATS dated 23 December, the SEF said it was unable to go proceed with the invitation and expressed the hope that a responsible SEF official might visit Beijing for consultations.

In today's reply letter to SEF, ARATS said: The talks on the basis of the "ARATS-SEF Agreement on the System of Mutual Contact and Talks" held between responsible ARATS and SEF officials are conducive to further expanding ARATS-SEF cooperation, to implementing the results of the Wang-Gu meeting, and to promoting the development of cross-strait relations. Therefore, it is appropriate to hold the talks in either Taipei [Taipei] or Beijing. In view of the fact that it is inconvenient for SEF to proceed with its invitation, ARATS is willing to adhere to its original plan to welcome Mr. Jiao Renhe to Beijing after 15 January at a time to be agreed by both sides, to hold face-to-face consultations on a meeting between Chairman Wang Daohan and Mr. Gu Zhenfu [Ku Chen-fu] and on ARATS-SEF affairs, and to exchange views on matters of mutual interest.

President Calls On Beijing To 'Ease Hostility'
OW0101081494 Taipei CNA in English 0743 GMT
 1 Jan 93

[By Sofia Wu]

[Text] Taipei, Jan. 1 (CNA)—President Li Teng-hui Saturday [1 January] called on Beijing authorities to ease hostility toward Taiwan and work for nurturing mutual understanding and trust in order to create a "win-win" situation of mutual benefit and reciprocity.

"Only in this way can the reunification of China bring good fortune, happiness and glory to the Chinese people," Li said in his New Year's message delivered in a grand ceremony at the presidential office marking the beginning of the 83rd year of the Republic of China [ROC].

"We clearly understand that the greatest problem between the two sides of the Taiwan Strait is the lack of genuine mutual understanding. The two sides interact, but there is no mutual trust," the president said.

"Therefore," Li said, "we sincerely call upon the Chinese Communist authorities to attach great importance to the welfare of the people on both sides of the strait, renounce their hostile and confrontational attitude, cherish the brotherhood of people on both sides, and work toward nurturing mutual understanding and trust in the new year."

Li also called on people here to strive for greater achievements in the new year so that the Chinese nation can be really proud of itself in the 21st century.

"Even though this is a year most full of hope for us, it is also a year in which we must struggle most," Li said.

He emphasized the importance of seeking a significant breakthrough in economic development. "The strength nurtured by our economic development has allowed us to improve the life of our citizenry and stand firmly in the international community," the president noted.

Li said the government has introduced a set of stimulus measures designed to resolve the problem of slackening economic growth. The measures include increasing spending on public works, encouraging private investment and promoting the building of an operational center for the Asia-Pacific region.

Li also pledged to expand Taiwan's foreign relations, saying, "we will expand our participation in international activities, fulfill our obligations to the international community, win international goodwill and develop practical relations, all for the purpose of building up the international status due us."

Li described 1994 as the year when people here must further advance Chinese culture with new vigor. "At a time when the ROC is achieving outstanding successes, both politically and economically, we must make greater

efforts to raise the quality of our spiritual life and make progress in our cultural life."

On the third-phase constitutional reform, Li said, "it will have to take into account the collective wisdom and the consensus of the people, the fundamental framework of the five-power Constitution, the present state of our constitutional development and the future needs of national unification."

Li concluded by saying that the longer term welfare of the public demands the joint concern of everyone, and a promising future for our national demands the joint efforts of all to help set in motion.

CNA Reports on Relations With PRC During 1993

OW0301082394 Taipei CNA in English 0805 GMT
 3 Jan 94

[By Debbie Kuo]

[Text] Taipei, Jan. 3 (CNA)—After an ideological and substantive separation of more than four decades, Taiwan and Mainland China found in 1993 that the two sides were finally ready to meet at the negotiation table.

Since C.F. Koo, chairman of the Taipei-based Straits Exchange Foundation (SEF), and Wang Daohan, chairman of Beijing's Association for Relations Across the Taiwan Strait (ARATS), met April 27-29 in Singapore for the first "direct formal" talks between Taiwan and the Chinese mainland since 1949, three other SEF-ARATS "business" talks have taken place.

The three "business" meetings were held in August, November, and December in Beijing, Xiamen and Taipei respectively.

Although the talks did not result in any definite agreements, the two sides arrived at a consensus that a negotiation channel for direct talks between the two semi-official intermediary organizations had been established.

During the three-day "Koo-Wang" talks in April, the two organizations signed four agreements, including the agreement on the establishment of systematic liaison and communication channels between SEF and ARATS which stipulates that SEF and ARATS officials at the level of deputy secretary-general or department director should hold talks every three months on either side of the Taiwan strait.

Under the Koo-Wang talks joint accord, the two sides were to hold talks during 1993 on such issues as repatriation of illegal immigrants, fishing disputes, crackdown on crimes on the sea, judicial assistance, and intellectual property rights protection.

With a communication mechanism linking SEF and ARATS established by the "Koo-Wang" talks, SEF and ARATS officials met three times in 1993, but all talks ended without agreement.

Even though "official" relations between the two sides made little progress, private ties, especially two-way trade, continued to grow during the past year.

According to Mainland Affairs Council (MAC) statistics, indirect two-way trade between Taiwan and the mainland reached US\$6.39 billion in the Jan-Sept period last year, up 21.2 percent from US\$5.28 billion in the same period of 1992.

In terms of civilian visits, 1993 saw a faster growth for the mainland than Taiwan, MAC said.

Mainland residents made 16,000 visits to Taiwan during the first 10 months of 1993, up 36.96 percent from the corresponding period of 1992. Taiwan residents, meanwhile, paid 1,230,000 visits to the mainland, compared with 1,280,000 visits registered a year earlier, MAC statistics showed.

During the past year, a MAC official said, a "white paper" published by Beijing in August concerning its relations with Taiwan was an undeniable setback in the course of cross-strait relations.

A spate of 10 hijackings in 1993 also had an adverse effect on the development of cross-Taiwan strait relations, the official remarked.

Nevertheless, MAC, SEF, and all related government agencies have determined to try harder in the next years to reach the goal of final reunification of China, said MAC Spokesman Kao Koong-lien.

Officials To Meet on Tariff Concessions to U.S.

OW0301081294 Taipei CNA in English 0747 GMT
3 Jan 94

[By Lillian Lin]

[Text] Taipei, Jan. 3 (CNA)— Republic of China [ROC] customs, agriculture, economics and industry officials will meet Wednesday [5 January] to discuss tariff concessions to the United States.

The meeting was called by Director-General Huang Yen-chao of the Board of Foreign Trade on Monday. Huang said he will invite officials from the Finance Ministry's Customs Administration Department, Council of Agriculture, and the Industrial Development Bureau to work out guidelines for tariff concessions and discuss rates for import tariff cuts.

On Nov. 24, 1993, the United States demanded ROC authorities slash tariffs on 699 U.S. imports. The ROC could not meet the U.S. deadline, and officials from the two sides agreed to meet in Washington on Jan. 19-20 for tariff negotiations.

Meanwhile, Economics Minister P.K. Chiang plans to convene an intra-ministerial meeting on Jan. 13 to discuss protection of intellectual property rights (IPR).

Chiang said the U.S. might hold unofficial discussions on the IPR issue with ROC delegates during the Washington negotiations. He hopes that the ROC delegation can convince their American counterparts about the ROC's determination to guarantee IPR protection in Taiwan.

Lesotho Reportedly Breaking Diplomatic Ties

Foreign Minister Declines Comment

OW3112090093 Taipei CNA in English 0826 GMT
31 Dec 93

[By Debbie Kuo]

[Text] Taipei, Dec. 31 (CNA)—Foreign Affairs Minister Chien Fu did not comment Friday [31 December] on news reports that Lesotho has broken diplomatic ties with the Republic of China [ROC].

Chien said he has received no reports about the matter from the Lesotho Government or from ROC diplomatic workers stationed in the African nation.

Chien admitted, however, that the ROC Government has tried its best to improve relations with the new Lesotho government which took the power in April this year after a general election.

"Pitifully, the efforts were made in vain," he said.

Lesotho resumed diplomatic relations with the Republic of China and broke ties with Beijing in April 1990. After that time, Chien said Beijing officials maintained contacts with and extended financial aid to exiled parliamentarians from the Basotho Congressional Party (BCP) there.

The return of exiled BCP parliamentarians and losses suffered by pro-ROC lawmakers in April 1993 elections resulted in the abrupt change in Lesotho's political stage this year, Chien explained.

Meanwhile, the South African Broadcasting Corporation (SABC) reported Thursday that Lesotho's break in diplomatic relations with the ROC was caused by an alleged attempt by two ROC citizens to bribe two Lesotho cabinet ministers.

Chien called the report "groundless."

However, Chien explained that the ROC Government contributed financial aid to Lesotho, Swaziland and Malawi last year when the three African countries were hard hit by drought.

Report Said 'Unfounded'*OW0101081794 Taipei CNA in English 0801 GMT
1 Jan 93*

[By Sofia Wu]

[Text] Taipei, Jan. 1 (CNA)—Foreign Affairs Minister Chien Fu said Saturday [1 January] that Lesotho has not yet announced its decision to break diplomatic ties with the Republic of China [ROC].

Chien said it was South African, not Lesotho's, news media which first reported that the southern African country has decided to sever its diplomatic ties with the ROC.

"We have ordered our embassy in South Africa to check the source of the report," Chien said.

The South African Broadcasting Corporation reported Thursday that Lesotho has decided to cut its diplomatic ties with the ROC because two ROC citizens had attempted to bribe two Lesotho cabinet ministers.

"The report was unfounded," Chien noted.

"We extended financial aid to Lesotho last year when the nation was hard hit by drought," Chien explained. "Such aid should not be interpreted as bribe," he added.

Trade With South Africa Continues To Increase*OW0301081994 Taipei CNA in English 0755 GMT
3 Jan 94*

[By Chang Jer-shong and Danielle Yang]

[Text] Johannesburg, Jan. 2 (CNA)—The Republic of China [ROC]'s trade with South Africa continued to grow in 1993 with two-way trade reaching US\$2 billion, up 14 percent from 1992's US\$17 billion.

During the first 10 months of 1993, bilateral trade reached US\$1.631 billion, a 12.41 percent growth over the US\$1.451 billion registered during the same period of 1992, according to an official at the ROC embassy in Pretoria.

During the January-October period of 1993, the ROC imported US\$1.127 billion worth of goods from South Africa, up 17.92 percent over the same period of 1992.

Exports to South Africa totaled US\$504 million, a growth of 1.78 percent from 1992 tallies. South Africa enjoyed a trade surplus of US\$623 million during the period, the official noted.

The official added that the ROC's booming trade with South Africa was not affected by the 1993 lifting of a world trade embargo placed on the country and he predicted an expansion in overall economic and trade relations between the two countries.

Premier Lien Chan on Southeast Asian Tour**Meets With Malaysia's Mahathir***OW0101022394 Taipei CNA in English 1343 GMT
31 Dec 93*

[By Danielle Yang]

[Text] Kuala Lumpur, Dec. 31 (CNA)— Republic of China [ROC] Premier Lien Chan met with Malaysian Prime Minister Mahathir Mohamed in Kuala Lumpur Friday [31 December].

During the half-hour meeting, the two discussed a wide range of political and economic issues, including the ROC's entry into the East Asia Economic Caucus (EAEC) and its bid to join the Association of Southeast Asian Nations (ASEAN) as a dialogue partner.

Chairman Hsiao Wan-chang of the Council for Economic Planning and Development, Vice Foreign Affairs Minister Fang Chin-yen, and Government Information Office Director-General Jason Hu were also present at the meeting.

Lien will also visit other high-ranking officials during his three-day stay in Malaysia.

Lien arrived in Kuala Lumpur Friday on a private visit, seen by the local press as the most important step in ROC's bid to promote ties with countries that maintain diplomatic relations with Beijing.

Two-way trade between Taiwan and Malaysia totaled US\$3.29 billion in the first 11 months of 1993 with Malaysia enjoying a US\$250 million trade surplus.

Lien will fly to Singapore for a three-day visit Sunday.

Activities in Singapore Noted*OW0301080794 Taipei CNA in English 0743 GMT
3 Jan 94*

[By Lillian Lin]

[Text] Singapore, Jan. 3 (CNA)—Premier Lien Chan of the Republic of China [ROC] enjoyed a morning round of golf with Singaporean officials at the Jurony golf club in Singapore Monday [3 January].

Premier Lien and his wife, accompanied by Chairman Hsiao Wan-chang of the Council for Economic Planning and Development and Director-General Jason Hu of the Government Information Office, flew into Singapore Sunday afternoon for a five-day visit.

Singaporean Prime Minister Goh Chok Tong gave a dinner party Sunday evening in honor of the liens and their entourage. Ranking Singaporean officials and parliamentarians also attended the banquet.

Lien's visit marks the first time he has visited Singapore since he took office in February 1993.

The Singaporean prime minister made a brief private visit to Taipei in September 1993.

GIO Director-General Hu said Lien appreciated the friendship and warm reception he received during his visit to Singapore.

Last week, Lien and his entourage were in Malaysia for a three-day visit.

The premier last visited Malaysia in 1988. He was impressed by the country's development over the past five years. According to Hu, Lien emphasized that the ROC should strengthen economic and trade cooperation with Malaysia.

Premier Lien is scheduled to return to Taipei Wednesday.

Group To Attend Asian 'Endangered Species' Forum

*OW0301081694 Taipei CNA in English 0752 GMT
3 Jan 94*

[By Lillian Lin]

[Text] Taipei, Jan. 3 (CNA)—The Council of Agriculture [COA] will organize an intra-ministerial delegation to attend the Asian regional meeting of the Convention on International Trade of Endangered Species (CITES) in Tel Aviv in March.

COA Vice Chairman Ling Shiang-nung said the delegation will be composed of trade, health, and the interior officials. The delegates will detail the Republic of China [ROC]'s conservation policies and efforts to eliminate dealing in smuggled rhino horns, ivory and tiger bones.

Meanwhile, a U.S. environmental conservation group, scheduled to visit Taipei on Jan. 11, will postpone their visit until February. A ranking CITES delegation is also arriving for a fact-finding trip in February.

Hong Kong

Zhou Nan Issues New Year Message

HK3112095093 Hong Kong WEN WEI PO in Chinese
31 Dec 93 pp 1, 3

[Report: "Zhou Nan Issues His New Year's Message, Looking Forward to Hong Kong's Incomparably Bright Future"]

[Text] In the New Year message he delivered yesterday, Zhou Nan, director of the XINHUA NEWS AGENCY Hong Kong Branch, pointed out: With the strong backing of the motherland and the powerful support of the 1.2 billion people including compatriots in Hong Kong under any circumstances, we have the firm confidence and full ability to overcome any obstacles that might occur in the course of progress and ensure Hong Kong's long-term stability and prosperity. This goal of ours must, and can, be attained. The full text of Zhou Nan's New Year message is as follows:

As it will soon be the fifth Spring Festival of the 1990's, let me extend my season's best wishes to all compatriots and foreign friends in Hong Kong.

In the past year, under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics, more profound changes have taken place in China, eye-catching achievements have been scored in its reform and opening up to the outside world and economic construction, its stable and harmonious political situation has been further consolidated, and its international prestige has been enhanced. In the new year, China will continue to achieve sustained, rapid, and healthy economic development with development as the goal, reform as the motive force, and stability as the condition, and forge ahead with great strides along the path of building socialism with Chinese characteristics. The vigorous development of the motherland has enabled Hong Kong to overcome some manmade, negative factors cropping up in the past year, thus maintaining its economic vitality. The compatriots in Hong Kong have come to realize more and more clearly that the fate of Hong Kong is more and more closely linked with that of the motherland, whose stability and development is the indispensable prerequisite for maintaining Hong Kong's prosperity and stability.

In the past year, the Chinese side has made active and sincere efforts to strive to achieve an agreement with the British side on the 1994-95 electoral arrangements in Hong Kong on the basis of the "three conformities" principle. However, quite regrettably, the British side insisted on its wrong position of "three violations," broke its promise by unilaterally tabling its package to the Legislative Council for discussion when no agreement had been reached between the two sides. As a result, the bilateral talks came to an end. Under such circumstances, we must, along with the Hong Kong residents, fully accelerate the preparatory work for the

formation of the first government of the special administrative region to ensure the smooth transition in 1997 and Hong Kong's long-term stability and prosperity. This way of doing things conforms to the Hong Kong residents' long-term interests.

We earnestly hope that people in various walks of life in Hong Kong will make concerted efforts, offer suggestions, actively participate in the preparatory work in various fields for the formation of the Hong Kong Special Administrative Region [SAR], and continue to contribute their bit to the maintenance of Hong Kong's stability and prosperity. With the strong backing of the motherland and the powerful support of the 1.2 billion people including compatriots in Hong Kong under any circumstances, we have the firm confidence and full ability to overcome any obstacles that might occur in the course of progress, guarantee Hong Kong's smooth transition, comprehensively implement the "one country, two systems" principle, and ensure Hong Kong's long-term stability and prosperity. This goal of ours must and also can be attained. The future of the motherland is incomparably bright, and the future of Hong Kong also will surely be bright.

In conclusion, I wish all Hong Kong residents good health and success in everything.

According to another report, at the time when he delivered his New Year message to the Hong Kong media, Director Zhou Nan answered reporters' questions. He pointed out: Hong Kong and the Chinese mainland have become an integral whole economically. As the mainland enjoys political stability and its economy develops, Hong Kong will certainly have bright prospects, and this is precisely where the Chinese Government's confidence and ability are manifested.

Asked if the absence of British cooperation would pose a problem for the smooth transition, Zhou Nan said: "As I see it, it will not pose any big problem. Naturally, we hope there is cooperation. However, it takes both sides to cooperate. If one side does not really want it, does that mean that we cannot get along and we will not pursue the 'one country, two systems' principle?" "Still we will implement the Basic Law in accordance with the 'one country, two systems' principle."

Zhou Nan said: "The Chinese Government has strictly kept its word in the past and will do so in the future. We already have a good reputation in the world in this regard."

In touching the issue of how to guarantee Hong Kong's smooth transition, he pointed out: The objective of the work of the Preliminary Work Committee is to ensure Hong Kong's smooth transition. With the mainland's political situation stable and its economy developing at high speed and with the support and participation of the entire Chinese people (including Hong Kong residents),

the Chinese Government will surely establish, as scheduled, the Hong Kong SAR and the region's first government in strict accordance with the principle of one country, two systems and the provisions of the Basic Law.

He went on to say: "Now, the whole world has noticed that China's political situation is stable and its economic growth rate has won the admiration of many foreign friends. With their economies becoming an integral whole, the Chinese mainland and Hong Kong share weal and woe with each other. If the mainland prospers, so will Hong Kong. This is where our confidence and ability are manifested."

Asked of the impact of pursuing a single rate of renminbi against other currencies, Zhou Nan said: The pursuance of the single rate will be helpful and not harmful to Hong Kong.

Zhou Nan said to the journalists on the spot: We will surely implement the Basic Law. We and you are identical on this point. Some people will leave after 1997, but all of you want to stay. We also hope you will stay.

Hong Kong TV on Address

HK3012130093 Hong Kong Television Broadcasts
Limited in English 1200 GMT 30 Dec 93

[From the "News at 8:00" program]

[Text] A Chinese official in Hong Kong says Governor Chris Patten is not qualified to comment on China's plan to dissolve the territory's three-tier political setup in 1997, adding it's China's internal affair.

In his annual New Year address, the director of the New China News Agency [XINHUA], Zhou Nan, is calling on Hong Kong people to unite with China to ensure the prosperity and stability of the territory. He says the end of Sino-British cooperation does not mean the end of one country, two systems. Linda Li reports:

[Begin recording] [Li] In his New Year address, Zhou Nan displayed confidence and hope that both China and Hong Kong can work together to maintain the stability and prosperity of the territory. He says the fates of China and Hong Kong are closely linked, so if China prospers, so will Hong Kong. Zhou says hopes for Sino-British cooperation are dashed. But he promises it will not pose a problem for Hong Kong.

[Zhou Nan, in Mandarin] We hope that there is cooperation. However, it takes both sides to cooperate. If one side does not really want it, well, that does not mean that we cannot carry on or we will not pursue one country, two systems. No, we certainly will pursue it.

Reportage on Reopening Hong Kong Talks

XINHUA Official Comments

OW3012155093 Beijing XINHUA in English 1507
GMT 30 Dec 93

[Text] Hong Kong, December 30 (XINHUA)—The possibility of reopening the Sino-British negotiations on the 1994-95 electoral arrangements in Hong Kong can only be considered if the British side withdraws the political reform scheme made by Governor Chris Patten.

This was stated by Zhang Junsheng, deputy director of the local branch of the XINHUA NEWS AGENCY, after attending the 1994 New Year reception held by the China Aerospace International Holdings Ltd. here today.

China will watch closely whether the British side wanted to depart from its stubborn position, Zhang added.

He used a Chinese saying "he who created trouble has to solve it" to make the point that it is up to the British side, which broke off the negotiations on Hong Kong's future, to strive for the restarting of the process.

Replying to a question about Patten's comments on the dissolution of Hong Kong's three-tier councils, namely the Legislative Council, district boards and two municipal councils set up under the British rule, after the change-over of power in 1997, Zhang said "it is an internal matter of our country. It is only absurd that he (Patten) should have something to say on it."

Patten's Comments 'Refuted'

HK3112105893 Hong Kong WEN WEI PO in Chinese
31 Dec 93 p 11

[Unattributed report: "Zhang Junsheng Criticized Chris Patten, Stressing That He Is Not Qualified To Interpret Basic Law"]

[Text] When attending Hong Kong International Space Science and Technology (Holding), Ltd's reception to usher in 1994 yesterday, Zhang Junsheng, deputy director of XINHUA Hong Kong Branch, solemnly refuted Chris Patten's attack on the remarks of the spokesman of the State Council's Hong Kong and Macao Affairs Office regarding the term of office of the three-tier assemblies under the British Hong Kong Government. Zhang pointed out: Patten is absolutely not qualified to comment on China's affairs.

When asked by a reporter what he would like to say on Patten's attack that the statement of the Hong Kong and Macao Affairs Office a few days ago lacks legal authority, and his remark that whether the three-tier assemblies will be able to straddle 1997 should be determined by the National People's Congress, Zhang Junsheng said: "What qualification does he have to comment on the affairs of our country? This is an affair of our country. It is surprising that he made such comments!"

Zhang Junsheng added: "The Basic Law is the law of the PRC's Hong Kong Special Administrative Region [SAR] rather than that of Britain. What qualification does Patten have to interpret our Basic Law?"

He said: Originally, in a bid to effect a smoother transition in 1997, the Chinese side accepted the plan on the through train proposed by the British side. However, Patten dished out his constitutional package of "three violations," disrupted the Sino-British talks on the 1994-95 electoral arrangements and, under the condition that no agreement had been reached between China and Britain, unilaterally tabled his constitutional package to the Legislative Council. This has led to the termination of talks, and the issue of through train no longer exists. I have said repeatedly that according to the Sino-British Joint Declaration, the British rule over Hong Kong will completely end on 30 June 1997, so he has no right to meddle in any affair after our restoration of sovereignty in Hong Kong as of 1 July 1997.

When asked by a reporter under what circumstances the Sino-British talks can be resumed, Zhang Junsheng answered that it was hard to say since the British side had terminated the talks and unilaterally tabled Patten's constitutional package to the Legislative Council in violation of its commitment. Zhang Junsheng added: "What is to be discussed now? He has left the negotiation table with his briefcase, and the door has been closed. What else can we talk about?"

In Zhang's opinion, "whoever started the trouble should end it." Hence, whether the talks can be resumed depends only on whether the British side will now totally withdraw the package that Patten has tabled to the Legislative Council and make contacts again through diplomatic channels. Zhang Junsheng pointed out: "Things are very plain now, just as Director Zhou Nan said the day before yesterday, that for those who have engaged in the 'three violations,' the sea of bitterness has no bounds, but there is another sentence following that which reads—those who will turn back can reach the shore."

Zhang Junsheng stressed: We said a long time ago that the Chinese Government would certainly ensure the smooth transfer as well as the prosperity and stability in Hong Kong together with Hong Kong citizens. We have such determination and confidence to effectively perform our work for the transition and recovery of Hong Kong on 1 July 1997.

Zhang Junsheng said: The Preliminary Work Committee for the Preparatory Committee of the Hong Kong SAR is entirely capable of doing the preparatory work for Hong Kong's smooth transition at the initial stage very well. Now that the Basic Law is placed there, we will plan the transition issues of Hong Kong in accordance with the Basic Law. Originally, the Chinese side hoped to have British cooperation, but it refused to cooperate. What should we do? Will we not take back Hong Kong and establish the SAR Government without its cooperation?

As to some people's accusation that the statement of the Hong Kong and Macao Affairs Office was not in keeping with the Basic Law, Zhang Junsheng pointed out: "These people simply have no knowledge of the Basic Law, which is the basic law of the PRC's Hong Kong SAR. Both the future Legislative Council or regional organizations will all be organizations of the Hong Kong SAR, whose nature will be diametrically different from that of the current Legislative Council and regional organizations." "The current British Hong Kong Government is one maintaining British colonial rule, which, in terms of the nature of sovereignty, is diametrically different from the future SAR Government—a local government with a high degree of autonomy and directly under the jurisdiction of the central government of China as a sovereign state," he concluded.

Beijing Spokesman Cited

OW3112113993 Beijing XINHUA Domestic Service in Chinese 1033 GMT 31 Dec 93

[Text] Beijing, 31 Dec (XINHUA)—A Foreign Ministry spokesman said here today that the position of the Chinese side regarding the holding of Sino-British negotiations to solve the Hong Kong issue has not changed. The door to negotiations is open, but the key lies in the attitude of the British side.

According to a report, a British Foreign Ministry spokesman said in London on 30 December that the British side had not received an official note on the suspension of the negotiations sent by the Chinese side. Some reporters have asked the Foreign Ministry to verify this report.

An answer by the spokesman said: The Chinese side made clear to the British side on 29 December through diplomatic channels: If the British side sincerely wishes to resume negotiations, this will be possible only if the British side recalls the "partial political reform program" which has already been submitted to the Legislative Council for deliberation. Since the beginning of April, when the Chinese and British sides reached agreement on holding negotiations, the Chinese side has, on many occasions, told the British side explicitly that if the British side submits the so-called constitutional package to the Legislative Council for discussion before an agreement is reached in the Sino-British talks, it will mean the end of negotiations. The British side is very much aware of this. Therefore, the responsibility for the current suspension of negotiations lies completely with the British side. The position of the Chinese side regarding the holding of negotiations to solve the issue has remained unchanged. The door to negotiations is open, but the key lies in the attitude of the British side.

XINHUA Commentary on Hong Kong Issue

Beijing 'Committed' to Basic Law

OW3012150293 Beijing XINHUA in English 1425 GMT 30 Dec 93

[Text] Beijing, December 30 (XINHUA)—China is "unshakeably committed" to enforce the Basic Law of

the Hong Kong Special Administrative Region and to resume its sovereignty over Hong Kong in 1997, a XINHUA commentary stated today.

According to the commentary, a spokesman for the Hong Kong and Macao Affairs Office of the State Council stated on December 27 that in accordance with the Sino-British Joint Declaration and the Basic Law, the administrative power of the British Government over Hong Kong will expire on June 30, 1997, while Hong Kong's British political structure will end.

The three-tier political structure in Hong Kong—the Legislative Council, district boards and municipal councils—will be disbanded on June 30, 1997, and will be restructured in line with the Basic Law and the decision of the National People's Congress, China's legislature, the commentary noted.

In the final analysis, the commentary said, the essence of the Sino-British confrontation over the Hong Kong question is that "China is determined to resume its sovereignty over Hong Kong, whereas Britain does everything in its power to extend its colonial rule over Hong Kong."

For that purpose, the British authorities attempted to create, under the cover of "democracy," a status quo that they thought the Chinese Government would have to accept after 1997, so that they would be able to continue their rule over Hong Kong, the commentary added.

Having made careful organizational arrangements for Hong Kong's Legislative Council and other institutions, Hong Kong Governor Chris Patten asserted more than once that he did not believe that the Chinese Government would "overthrow" these institutions after 1997.

The commentary said that the errors made by Patten and other British politicians lie in that they underestimate China's determination to resume its sovereignty over Hong Kong and uphold the Basic Law of Hong Kong.

That China recovers its sovereignty over Hong Kong is to realize a long-term wish of the Chinese nation and to put an end to the most ugly phenomenon of colonial rule in the modern history of the world, it stressed.

"Is there any country in the world that dares to accuse China for its just action, and dares to serve as an apologist for colonialism?" the commentary asked.

For resuming its sovereignty over Hong Kong, it went on, the Chinese Government has taken a rational approach, namely, establishing a special administrative region in Hong Kong and pursuing a policy of "one country, two systems" with regard to Hong Kong. That policy has been provided for in the Basic Law of Hong Kong.

The Basic Law is due to come into force on July 1, 1997. "The Chinese Government hopes to cooperate with the British Government in order to effect Hong Kong's

smooth transition and successful transfer of political power in 1997," the commentary said.

"However, by no means shall we beg the British Government for such cooperation," it stressed.

It also warned that whatever contradicts the Basic Law will be overthrown.

The commentary called the attention of the British Government and Chris Patten to the fact that it is out of the question for them to impose the three-tier political structure on the Hong Kong special administrative regional government.

UK Faulted Over Talks

OW0201023094 Beijing XINHUA Domestic Service in Chinese 0548 GMT 1 Jan 93

["Commentary" by XINHUA correspondent Feng Xiuju (7458 4423 5468): "The Responsibility Is Totally on the British Side—Commenting and Analyzing the Origin and Breakdown of the Sino-British Talks"]

[Text] Beijing, 1 Jan (XINHUA)—The Sino-British talks on Hong Kong, which people once pinned their hopes on, have totally broken down. Who pushed the talks into a dead end? Who should be held responsible?

This correspondent took part in covering the talks from beginning to end, which lasted more than seven months. From what I covered and from what I learned from various sources, we know there is only one answer to these questions: Britain stubbornly insisted on its erroneous position of "three violations"; from beginning to end Britain had not the slightest sincerity towards the talks; and in the absence of a Sino-British agreement, Hong Kong Governor Patten unilaterally took action, submitting part of the "constitutional reform package" to the Hong Kong Legislative Council for discussion. These are the root causes which resulted in the breakdown of the talks.

It is evident Patten himself established numerous obstacles in order to completely block the talks, yet recently he hypocritically called for "continuing the talks" as if the responsibility for their breakdown belonged to China. Such an outdated colonialist trick of the thief calling someone else a thief and putting all the blame on the victim cannot deceive the people in light of justified public opinion from the mainland, Hong Kong, and the world.

As everyone knows, China and Britain held 17 rounds of talks from 22 April to 27 November 1993. The major topic of the talks was the final elections to be held in Hong Kong while still under British rule—that is, the arrangements for the 1994-1995 elections of the 19 district councils, the two urban councils (the New Territory Regional Council and the Hong Kong Island and Kowloon Urban Council), and the Legislative Council. This deals with a string of specific problems on whether or not the four-year three-level framework resulting from

the elections will continue after Hong Kong returns to China in 1997. In other words, it deals with Hong Kong's stable transition and the smooth handover of Hong Kong's political power in 1997.

Before and during the talks, the outstanding focus of the dispute between the two sides had persistently revolved around whether the common understanding, understanding, and agreements [gong shi, liang tie, xie yi 0364 6224 6156 6043 0588 6231] reached between the two sides in the past should be abided by—in other words, it is a problem of whether or not one should act in good faith.

The Origin of Differences and the Proposal for Talks

In fact, in the decade following 1982, both sides held protracted, consultative talks on the recovery of Hong Kong by China, its exercise of sovereignty over Hong Kong once again, and the development of the political system during Hong Kong's transition period. Their talks produced a series of results, including the Sino-British Joint Declaration on Hong Kong signed by both sides, together with relevant agreements, understandings, and common understandings reached between the two countries.

The signing of the Sino-British Joint Declaration solved all the problems concerning Hong Kong's reversion and its smooth transition.

In the process of formulating the "Basic Law" of the Hong Kong Special Administrative Region, China incorporated a number of reasonable suggestions made by Britain, and the latter also repeatedly promised to converge with the "Basic Law."

In seven letters containing nearly 10,000 characters corresponded between Chinese and British foreign ministers shortly before the promulgation of the "Basic Law," they exchanged views on Hong Kong elections to be held in 1995, the number of districts in which there would be direct elections of the Legislative Council, and other issues concerning the political development of Hong Kong, and reached an understanding and some agreements in principle.

Therefore, if China and Britain could discuss the issue of Hong Kong's political system under comparatively cooperative circumstances during the decade following 1982, it should be an easy matter for both sides to conduct friendly consultations on election details when Hong Kong is approaching the elections, which are due to be held in 1994 and 1995.

However, things went contrary to one's wishes. On 7 October 1992, without prior consultation with China, Britain suddenly presented a "constitutional package" through Hong Kong Governor Chris Patten's policy address. It sent a serious message to China, namely, Britain was prepared to repudiate the basis on which it had maintained consultations and cooperation with China over the previous decade and to tear up the

agreements both sides had reached. The method by which the package was put forward, and its substance, violated the Sino-British Joint Declaration, the principle of converging with the "Basic Law," and the relevant agreements and understandings (called the three principles for short) reached between the Chinese and British Governments.

The presentation of the package was such that Chris Patten's sudden attack directly deviated from the stipulation that the two countries conduct "discussions," "consultations," and "deliberations" on matters related to the smooth handover of Hong Kong's political power in 1997, which are contained in Annex II of the "Basic Law." Please take a look at a few events which occurred before the policy address was delivered:

- First of all, on 18 September 1992, the British FINANCIAL TIMES reported the news that Britain had made a major change to Hong Kong's existing political system.
- When British Foreign Secretary Hurd met Chinese Foreign Minister Qian Qichen in New York on 25 September 1992, he briefly mentioned Chris Patten's policy package. Foreign Minister Qian unequivocally set forth China's stand there and then.
- Britain sent a brief note to Lu Ping, director of the Hong Kong and Macao Affairs Office of China's State Council, and Chinese Vice Foreign Minister Jiang Enzhu on the policy package less than 10 days before it was made public. Immediately after receipt of the notice, Director Lu Ping sent a reply letter, reaffirming China's stand.

However, ignoring China's persuasions and clinging obstinately to his course, Chris Patten unilaterally took action, thereby stirring up an open polemic between China and Britain which has lasted now for six months.

The core of the "constitutional reform package" is to emphasize "change."

The Sino-British Joint Declaration stipulates that Hong Kong's existing political system, economic system, and way of life will remain unchanged and its laws will remain basically unchanged. However, Chris Patten has made great changes in the political development and in the electoral arrangements which will directly affect the systems after 1997. Several examples are as follows:

- Of the 441 members of district boards and two urban councils, 140 are appointed. Such a practice can complement direct elections, and help bring in people of ability with various specialities, and it conforms to the aspirations of the Hong Kong residents. However, Chris Patten has proposed that all the appointed seats be abolished.
- Dual membership of both the Executive Council and the Legislative Council of Hong Kong has always been permitted, and some Executive Council members are concurrently Legislative Council members. Such a

practice is conducive to the operation and mutual restraint of the two councils. However, Chris Patten has called for a complete separation of the two councils, attempting to change "leading role of the administration to the leading role of the legislature" and wantonly raising the status of the Legislative Council.

—Articles 45 and 68 of the "Basic Law" stipulate that Hong Kong's political development should be carried out in accordance with the principle of gradual and orderly progress. However, Chris Patten advocates immediate, drastic changes, such as expanding Hong Kong's basic constituency from fewer than 100,000 voters in 15 functional groups (organized among specialized people in business, economic and other sectors) in 1991 to 2.7 million, including all non-specialized personnel, by 1995. He attempts to create chaos and exclude genuine, specialized personnel on the pretext of "democracy."

Chris Patten's package, therefore, is designed to completely negate the agreements reached between China and Britain in the past. Its only purpose is to prop up a pro-Britain, anti-China force in the Hong Kong Government, turn Hong Kong into an independent or semi-independent political entity, and thus continue British rule over Hong Kong in a disguised form after 1997.

Chris Patten's "constitutional reform package" has been strongly criticized by people from all walks of life in Hong Kong. Early last year, Britain was compelled, under pressure of criticism, to express its desire to hold talks with China. Considering the overall interest of Sino-British cooperation, as well as the fundamental interest of the two countries, the Chinese side agreed to hold talks between government representatives of the two countries, hoping the British side would abandon its "three violations" and return to the track of Sino-British cooperation. So, the two sides conducted internal consultations from early February to 12 March. During the course of consultation, the Chinese side insisted on the "three principles" as the basis of talks. The British side agreed verbally, but deliberately complicated the issue and requested that Hong Kong Government officials participate in the talks as "official representatives." In order to hold the talks at an early date, the Chinese side assumed a flexible attitude and agreed to let Hong Kong Government officials assist British Government representatives as advisers and experts.

When the two sides were about to reach an agreement on the talks, Chris Patten suddenly decided to publish the "constitutional reform bill" in the Hong Kong Government's Gazette for the purpose of submitting it to the Legislative Council for discussion. So, the British side unilaterally discontinued internal consultations between the two sides on 12 March 1993. In early April last year, the two sides resumed internal contacts and agreed to hold talks in accordance with the "three principles." To avoid external interference, the two sides promised to keep the contents of the talks secret.

Set Up Obstacles and Talks Bog Down

During the talks, Chinese Government representatives abided by the agreement reached between the two sides and, from beginning to end, did not disclose any substance of the talks to the press. However, before and after the talks, Chris Patten was always ready to air his unfavorable view of the talks by every possible means in an attempt to influence Hong Kong's public opinion, and even "jumped the gun" to obstruct the smooth progress of the talks. During interviews with reporters before every round of talks began, British representatives repeated that they adopted a "positive" and "constructive" attitude toward the talks and that they wanted to make efforts to enable the talks to "ascend a peak," but, on the other hand, they set up roadblocks from time to time to obstruct the "mountain climbing" of the talks.

When China and Britain concluded their third round of talks and were about to begin the fourth, the British authorities in Hong Kong hastily adopted "Draft Regulations on the Boundary and Election Commission" on 26 May last year. A few days later, the Legislative Council's constitution drafting group on 31 May passed an agenda on holding discussions on a draft plan for elections once every two weeks [as received]. Thus, Britain unilaterally took action on issues that should have been solved by representatives of Chinese and British Governments through consultation in an attempt to force China to accept Chris Patten's "constitutional package" and to bring the talks into Patten's orbit by varying its tactics. China very quickly saw through the scheme.

Despite the fact Britain made some alterations to Patten's package under pressure, it still has not given up its erroneous stand on the "three violations."

During the talks, Britain kept setting new, unreasonable demands and even attempted to meddle in affairs under China's jurisdiction by virtue of its sovereignty. For instance, according to a stipulation of the "Basic Law," the "Preparatory Committee of the Hong Kong Special Administrative Region" to be established by the National People's Congress [NPC] in 1996 "shall be composed of mainland members and no fewer than 50 percent of Hong Kong members and its chairman and members shall be appointed by the NPC Standing Committee." But Britain proposed during the talks that Hong Kong members of the Preparatory Committee must be appointed by China and Britain through consultation. Britain also wanted China to guarantee that general elections will be held for the Hong Kong Legislative Council in 2007, and proposed that the 1995 election committee established through talks should become the pattern of the recommendation committee and election committee for the chief executive of the special region after 1997.

The issue of the "express train" [zhi tong che 4160 6639 6508] was an important agenda item discussed by the two sides. Elections for the Hong Kong Legislative

Council are held once every four years. The Legislative Council elected in 1995 will remain in office until after 1997. It will be called the Hong Kong Legislative Council for the first two years and the Legislative Council of the Hong Kong Special Administrative Region in the last two. According to a stipulation in a relevant resolution adopted by the NPC, if the formation of the Legislative Council elected in 1995 complies with the resolution and with relevant regulations of the "Basic Law," if its members support the "Basic Law," and if they are willing to pledge loyalty to the government of the special region and meet the qualifications stipulated by the "Basic Law," they may make the direct transition to become members of the first Legislative Council of the Hong Kong Special Region in 1997 after they are approved by the Preparatory Committee of the Special Region. They are, therefore, described as being in the "express train." However, Britain proposed that members of the Legislative Council elected in 1995 become members of the first Legislative Council after merely swearing an oral oath. This disregards the basic condition for "boarding the express train" stipulated in the NPC resolution and attempts to strip the Preparatory Committee of the Hong Kong Special Administrative Region of its power to approve Legislative Council members.

Continuous obstructions on the part of Britain made it difficult for the talks to proceed; the talks kept pacing up and down at the crossroads.

The Motive for Deliberately Complicating the Issue is All Too Clear

In order to promote progress in the talks, the Chinese side in the early stages of the talks proposed that the election of district boards and the two urban councils and the 1995 Legislative Council election be separated in discussion. Foreign Minister Qian Qichen reiterated the proposal during his meeting with Foreign Secretary Hurd in New York in October 1993. The reason is that the district boards and two urban councils are not organs of a political power by nature, elections to them involve fewer questions, the questions are relatively easier to solve, and the elections to them will be held first. The Legislative Council elections involve such questions as the functional groups and electoral committees, and the questions are relatively more difficult to solve. For this reason, we might take care of elections to the district boards and two urban councils first, and the elections to the Legislative Council later. In other words, "easier things first."

The British side at first rejected the proposal, though later expressed consent. However, it put forward three conditions—lowering voting age, adopting the "single-seat, single-vote voting system," and abolishing appointed seats in the district boards and two urban councils. Although it insisted on honoring the agreements reached between the two sides in the past, the Chinese side assumed a very flexible and open attitude toward Britain's proposal and agreed to lower the voting

age from 21 to 18. It also agreed to adopt the "single-seat, single-vote voting system" in elections to the district boards and two urban councils. On the question of appointed council members, however, the Chinese side maintains that to properly retain the appointed seats can complement direct elections in terms of ensuring sufficient number of specialized personnel among the council members. At the same time, the Chinese side holds that the Hong Kong Special Administrative Region itself should decide the number of the appointed seats on the district boards and two urban councils after 1997, according to Article 98 of the "Basic Law." By adopting this position, the Chinese side is in fact giving telling the British side it need not set up more appointed seats before 30 June 1997.

We could say that the Chinese side has made every compromise possible to deal with the three conditions set by the British side. While the two sides had almost reached an agreement in view over elections to the district boards and two urban councils, the British side insisted on simultaneous discussion on the voting method for the Legislative Council election. The Chinese side continued its restrained and patient attitude, and maintained that the voting method question could and should be discussed in later talks, together with the discussion of other matters concerning Legislative Council elections. The British side, however, completely ignoring our view, openly and unilaterally proposed to discontinue the talks on arranging the election of regional organizations. Such an act clearly showed that the British side did not have even the slightest bit of sincerity in the talks. In short, they were pretending to participate in the talks, but their true intention was to carry out Patten's package. While the two sides failed to reach agreement, Chris Patten recently wantonly submitted part of his reform bill to Hong Kong's Legislative Council for discussion. Are his motives not all too clear?

The aforesaid facts show that it goes without saying that the responsibility for the failure of the talks lies entirely on the British side. The failure is something which people in all walks of life on both the mainland and in Hong Kong do not want to see. The failure to reach an agreement on arrangements for the 1994/1995 elections also means that the question of the through train mentioned in the talks has become non-existent with the end of the talks. The three-level councils, as component parts of the present British Hong Kong government, will be disbanded with the end of the British rule in Hong Kong on 30 June 1997.

People on the Chinese side fully believe that so long as the 6 million Hong Kong residents work hard together, the prosperity and stability created by them in Hong Kong can surely be maintained and enhanced. The Chinese side will, as always, continue to implement the Sino-British Joint Declaration, work strictly according to the "Basic Law," and earnestly practice the principle of "one country, two systems" in Hong Kong. We can anticipate that tomorrow's Hong Kong will certainly become even more prosperous.

**PRC's Call for Withdrawal of Reform Bill
Rejected**

HK0201035494 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 2 Jan 94 p 2

[By Quinton Chan and Dick Chan]

[Text] The government yesterday rejected a call from Beijing to withdraw the partial political reform bill from the Legislative Council, despite China's offer to resume talks with Britain if this was done. Chief Secretary Anson Chan Fang On-sang said it was impossible to hold up the bill. "I was extremely pleased to hear the door to resumed negotiations between the Chinese and the British was not closed," she said. "But I don't think there is any possibility of the Governor withdrawing the first-stage amendment bill."

The Foreign Ministry in Beijing said a formal message was sent to Britain last Wednesday saying talks would only be resumed if the bill submitted to the Legislative Council last month was withdrawn. "The door to Sino-British negotiations is open, but it hinges upon the attitude of the British side," said the statement, carried by Xinhua (the New China News Agency). But Mrs Chan said tabling talks was the only way to allow the more controversial aspects of the reforms to be tackled. "We are ready to meet with the Chinese at any time convenient to them, so we can resume talks and arrive at an agreement," she said.

Meanwhile, Beijing's new think tank on Hong Kong's political future will discuss this week whether or not there should be new elections for the three tiers of administration after 1997. Local members of the Preliminary Working Committee (PWC) political sub-group said new polls might not be needed, and it was unlikely a PWC meeting in Beijing on Friday and Saturday would reach any conclusions. The news comes days after the Hong Kong and Macao Affairs Office announced the Legislative Council, the two municipal councils, and the district boards would be "disbanded" and "re-established" after 1997 because of the breakdown in Sino-British talks. But PWC member Xu Ximin said the definition of "re-established" was open to interpretation. "It could mean new elections or some kind of confirmation procedure," he said. Fellow member Professor Lau Siu-kai said the PWC should first discuss whether there would be any form of "through train" for members of the Urban Council, Regional Council and district boards. "If there was a through train for them, then it would reduce political uncertainty and gain the support of district leaders," he said.

It is understood that at least four options have already been considered for the future political structure. These include the appointment of a provisional assembly to take office after the change of sovereignty, or a postal ballot to be held before 1997. Maverick lawyer Liu Yiu-chu has proposed the Preparatory Committee for the Special Administrative Region, to be set up in 1996, elect legislators qualified to serve after 1997. "It would

not require new elections, respects the choice of the people, and shows the sovereignty of the mother country," she said. But Professor Lau said he thought the most likely option was a three- to six-month recess to allow fresh elections. "Law and order could be maintained under the existing structure," he said. "This would be acceptable to Hong Kong people, and would avoid anyone making use of the legislative vacuum to pass harsh laws, or trying to expel someone from office."

Other, more radical, options include either the future chief executive of the Special Administration Region or the National People's Congress taking control of the legislature during the first few months after the handover. Professor Lau said all the options had disadvantages, since they offered the potential for a great deal of interference from Beijing during the period just after China resumes sovereignty.

Committee on Hong Kong Issue Intensifies Work

OW3112044193 Beijing XINHUA in English 0407
GMT 31 Dec 93

[Text] Beijing, December 31 (XINHUA)—A preliminary working body on the question of China's resumption of sovereignty over Hong Kong in 1997 has intensified its activities.

The body is the Preliminary Committee for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) of the Standing Committee of the National People's Congress. It went into high gear following its second plenary session in the middle of December after the British Hong Kong authorities decided to submit an electoral bill to the Legislative Council there.

So far, all the five specialized groups under the preliminary working committee have fulfilled their work plans and will get down to substantial work early next month.

Starting January 5, 1994, the five specialized groups of the working committee, namely the groups on political affairs, economy, law, culture, and society and security, will hold their meetings in Beijing to discuss concrete problems, and make suggestions and proposals.

The economic group will hold its meeting first, discussing issues related to construction of the new airport in Hong Kong, and harmonious development of large capital construction in Hong Kong and the mainland. Financial issues such as the handing over and administration of land funds, and the issue of social insurance for retired workers will also be discussed.

Priority will be given to the issue of the new airport.

The group on political affairs will focus its discussion on the principles for the formation of the first Legislative Council and district boards in Hong Kong.

The law group will check the laws of Hong Kong, including the issue of the court of final appeal of the Hong Kong SAR.

The group on society and security will discuss the definition of the permanent residence of Hong Kong residents and the freedom of exit and entry.

The group on culture will discuss the publicizing of the Basic Law of the Hong Kong SAR.

The five specialized groups will hold six meetings next month. The group on political affairs will hold two meetings.

Beijing on Draft Bill for Airport

*OW0301093594 Tokyo KYODO in English 0900 GMT
3 Jan 94*

[Text] Hong Kong, Jan. 3 KYODO—The Hong Kong Government on Monday [3 January] published a white paper covering plans to set up a corporation to build and operate the territory's proposed new airport.

The bill sets out the new corporation's powers and the controls which the government will exercise over it.

Its purpose is to reconstitute the provisional airport authority as a permanent government-owned entity known as Airport Corp.

Hong Kong has decided to gazette the bill despite failing to reach agreement with China on funding arrangements for the 21 billion dollar project.

A Chinese spokesman for the Joint Liaison Group, which handles transitional issues with Britain, told KYODO NEWS SERVICE that experts will study the draft bill for up to two months before commenting on its contents.

"It (the white bill) is not a big problem," the spokesman said. "The British side had already made the bill available to us."

"Publication of this white bill is an important step forward in the process of preparing for the new airport at Chek Lap Kok," said Secretary for Economic Services Gordon Siu, in a written statement.

The aim of Airport Corp. is to balance commercial viability with necessary government controls to protect the public interest, Siu said.

"This is a delicate balance to strike between commercial freedom and accountability to government," he said.

The bill's public consultation period will run until February 28.

The new company will be loosely modeled on Mass Transit Railway Corp. which operates Hong Kong's domestic railway.

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